Oral History of Gilbert “Gil” Mintz

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Gil Mintz

Conducted by Software Industry Special Interest Group

Abstract Gil Mintz, after working as an accountant and becoming a CPA, worked as the controller for Colorforms, a toy manufacturer in New Jersey. He was then recruited in 1963 by ADP to be its controller, but his role there expanded to include a range of business management functions, the most significant of which was to lead the market development activities, acquiring companies to enable ADP to grow geographically and into new application areas other than payroll processing. In 1973, Gil decided to try his hand at the then nascent merger and acquisition (M&A) business, by setting up his own single person operation called Broadview Associates. From the beginning this was a successful although low key company which helped companies in the computer software and services industry find buyers and for other companies to find sellers. As part of this Gil became a very active participant in ADAPSO, running workshops on M&A for the members. At the end of the 1970s, Bernie Goldstein joined Broadview as Gil's partner and the business then expanded dramatically over the next 20 years to become the principal M&A company in the computer software and services industry. By the time that Gil retired in 1998, Broadview had annual revenue of over $75 million and was making 100 deals a year. Gil explains how Broadview set the terms for its engagement with the buyers and sellers and the way in which Broadview shared profits among its partners.

Burton Grad: This oral history interview is taking place on Monday the 24th of May, 2010 at 357 Benedict Avenue in Tarrytown, New York. This is part of the oral history project that the Software Industry Special Interest Group [SIG] has been conducting for the last 10 years; the Software Industry SIG is part of the Computer History Museum. This interview is being recorded on audio, which will be transcribed, edited and posted on the Computer History Museum website. Gil, let's get started. We usually start by asking for family background, where your parents came from, where they lived, and things like that.

Background and Education

Gil Mintz: My parents came from Russia; they met and married in Brooklyn, NY, and that was the genesis of Mintz. My father's passport was written in Cyrillic lettering and the people at Ellis Island couldn't read it. He couldn't speak English, and since the port of debarkation was Minsk, they created a whole bunch of unrelated Mintzes.

Grad: When did your parents come over to the United States?

Mintz: Not positive. I think my dad came over probably in about 1916 and my mom maybe a couple of years later.

Grad: So this was actually during the war then.

Mintz: World War One which ended in 1918.

Grad: November 11. And they had lived in Russia at that point in time?

Mintz: They were both Russian. They didn't know each other; they met in Brooklyn.

Grad: Do you have siblings?

Mintz: I had an older sister, who died several years ago. I was the baby.

Grad: Where did you live when you were growing up?

Mintz: We lived in Brooklyn, Manhattan and then in the Bronx. After we moved to the Bronx, World War Two broke out, and suddenly our mobility ended. So I spent most of my childhood living in the Bronx.

Grad: What year were you born?

Mintz: 1933.

Grad: So your family was in Brooklyn and then you moved to the Bronx. . What about school. Where did you go to school?

Mintz: DeWitt Clinton High School, and then City College.

Grad: What did you major in when you were at City College?

Mintz: At City College I majored in liberal arts. I didn't have the vaguest idea of what I wanted to do initially. I was 16 when I got in.

Grad: You were in the RA, Rapid Advance program?

Mintz: Yes. I skipped three times. I majored in liberal arts. I was going to go to law school. And then in my junior year of college, I took the law aptitude exam and scored a snappy 81st percentile, and realized it was because I didn't finish a third of the test because I can't read quickly enough. I'm one of these idiots who read every single word. I'm a three-time Evelyn Wood dropout. Realizing that I was a terrible reader, going to law school did not seem like the smartest idea in the world, because basically the work is reading the law cases and there's a huge volume. I would have had a problem keeping up with it. And so I chose instead to become an accountant. After I graduated, I took a master's degree in accounting. Went to City College downtown at night, and after the first year, I started to work as an accountant while going to school at night, finishing my master's degree.

Grad: Did you get your master's from CCNY as well?

Mintz: Yes.

Grad: And did you become a CPA?

Mintz: Yes. In 1961 in New Jersey.

Grad: 1961. So you were 28 years old by then.

Mintz: Yes.

Grad: So you didn't do that directly out of school.

Mintz: You needed three years in public accounting in order to sit for the exam.

Grad: Let me go back a little earlier if I could. High school: any special activities, things that you enjoyed doing? Were you in sports? What kind of things did you do?

Mintz: Nothing really. I was strictly a subway student, except it was a bus instead of a subway.

Grad: Did you work while you were going to high school?

Mintz: High school, no. No, since I graduated when I was 16.

Grad: So you were relatively young during the war then. You were not even a teenager.

Mintz: When the war broke out in 1941, I was an eight-year-old, and even when it ended in 1945, I was just a twelve-year-old.

Grad: What did your father do?

Mintz: My dad was a dress manufacturer.

Grad: In the city, or in Brooklyn?

Mintz: Downtown Manhattan.

Grad: Mother at home?

Mintz: Yes.

Grad: Was your sister much older than you?

Mintz: Seven years older.

Grad: That's quite a difference in age. So there was nothing especially that you did when you were growing up that would have led you to being interested in accounting or anything of that sort?

Mintz: No, not really.

Grad: How about being in your own business? Were any of those kinds of things of interest to you then, because your father was a dress manufacturer?

Mintz: Never really thought about it, as I recall. No, I never had a burning desire to have my own business or anything like that. No.

Grad: Let's talk about college. Again, you were commuting, I assume, when you were going to college?

Mintz: Yes. I would take the subway from the Bronx to City College in Manhattan, which was north of Harlem. I used to take courses from eight in the morning till twelve noon. Then I'd take the bus downtown and go to the New York Public Library, where I used to work in the Music Division, between one and six in the afternoon, and then I would take the subway home back to the Bronx and do my homework, or whatever I was doing.

Grad: Was it for economic reasons you worked, to help pay your bills?

Mintz: No, I didn't really have to work. I just liked the idea of making my own money and not having to ask my parents for money.

Grad: Was it was about your junior year you decided that accounting was the direction you wanted to go? Why accounting? I can understand why you didn't want to go to law, because of the reading.

Mintz: I had a conversation with one of the older guys on my block who was an attorney and used to date my sister occasionally, He said, "The law's a pain in the neck. The people who do well are the accountants." And so based upon this profound advice, I said, "All right, I'll become an accountant." Also it was one of the other “professions” that you're supposed to go into. So if I was not going into law—and medicine was never appealing because I had the retention ability of a tsetse fly; I can't remember rote and I would never do well in medicine—and so accounting seemed like a good choice.

Grad: Let me ask you a question—this is offbeat a bit. You said that you weren't a fast reader, but were you a careful reader, a good reader?

Mintz: No, I was a lousy reader, because I was so slow I would get bored with myself and I would not pay attention.

Grad: Number two: you didn't have strong rote memory, you said.

Mintz: Right.

Grad: And yet you were a good student because you skipped three times while you were in school.

Mintz: Well, I was good at writing. I was good at speaking. I was good at reasoning. I was good at logical things.

Grad: How about your mathematics stuff?

Mintz: I was good at math.

Grad: So that was not an issue.

Mintz: No problem at all.

Grad: It's interesting the balance that different people have in terms of where their skills come from.

Mintz: Right. Even today when I play bridge, I have a problem remembering the cards. I can count the trump, I can count one suit, maybe two if I'm lucky, but I'm never smart enough to keep track of all the cards. I just can't do it.

Grad: You're never going to beat Las Vegas then, are you?

Mintz: <laughs>

Grad: So you got your bachelor's degree. So what happens next? This is in 1954?

Mintz: I got the bachelor's degree in1954, and my last year I went to CCNY downtown and took a bunch of the accounting courses that I would need. The master's program ended up being a 67-credit master's degree because they made me take all of the underlying business courses that I didn't take as a liberal arts major. I had been taking economics and logic and literature and all of those good things, which I'm happy to have had, but didn't fulfill the requirements for an MBA.

Grad: I'm trying to understand. You went directly to get your master's degree. You didn't go to work at that point in time?

Going to Work

Mintz: I needed the first couple of accounting courses to get a job as an accountant. I took Accounting 101 and 102. Then I switched to night school and got a job working as a public accountant while I was going for my master's.

Grad: Where did you work?

Mintz: I worked for a single CPA practitioner, who had a practice mainly in Connecticut. I used to take the train up to Connecticut and meet him, and we'd drive around to the various clients in Sharon and Salisbury, New Canaan and Westport and places like that.

Grad: So while you were going to school at night, you were working for the CPA during the daytime?

Mintz: Yes.

Grad: Did you stay with him the whole three years?

Mintz: No, I switched to another accounting firm in New York City which had a slightly larger practice primarily in New York City's garment industry; I stayed there for about a year. Then I went back to the first CPA and worked for him for about a year and a half. After that I went to work for one of his clients, a toy manufacturer named Colorforms Toys.

Grad: I've heard of them.

Mintz: They were the first people to produce plastic stick-ons.

Grad: By this point in time, have you finished your master's? Are you still taking master's courses?

Mintz: Still taking courses.

Grad: And it was just general accounting work with different industries, different companies. Was there a particular specialization in what you were doing?

Mintz: No, not really.

Grad: Just general accounting. Did you like it?

Mintz: Oh, I thought it was a lot of fun, yes. I liked it a lot. And because I worked for small firms, I was the accountant, dealing with the owner of the company or the president. I enjoyed it a lot.

Grad: So, they were doing the bookkeeping, but you were producing the tax returns and all of those kinds of things for them?

Mintz: Well, I would do the financial statements. In some cases, I would also do the write-ups. If they were small, they didn't have a bookkeeper. I would take the checkbook stubs and write up the books and create a financial statement, and do the whole thing.

Family

Grad: Were you married at this point in time?

Mintz: I got married in 1956. I'd been going with my wife since she was 14 and I was 17. So by 1956, we had been going steady for six years.

Grad: Wow. That's a long time. Your wife's name is?

Mintz: Joan

Grad: Family? Children?

Mintz: Couple of sons.

Grad: Names?

Mintz: The older one is Hal, and the younger one is Steve.

Grad: Any of them go into the business with you or get involved?

Mintz: We had an anti-nepotism rule at Broadview, so Hal couldn't come into the business. He worked for us for about six months to get some experience, and then he started his own business doing Merger & Acquisition (M&A) work. And my younger son's an attorney, practicing right now in New York.

Grad: Grandchildren?

Mintz: Three.

<u>Working for Colorforms</u>

Grad: Now, you became the CFO at Colorforms. What was your job?

Mintz: Well, I'm the controller, and I'm now 23 years old, and the gentleman who owns it has a problem. He has an anxiety neurosis, and he can't leave the house. By the way, he's very bright and a very nice guy, but he can't leave the house. I was kind of operating on my own—signing the checks, handling credit and collections, making deals—good experience. We were the first people who put toys on television, which is a dubious honor, but we were. I was busy negotiating for trailer-loads of toys based upon the amount of the order. "We can give you so many mentions on television shows in the various cities." It was a romp.

Grad: Was it a good-sized company at that point?

Mintz: No, it was little. I think Colorforms when I went there was about a million dollars in revenue, and when I left it about five/six years later, it was up to four million.

Grad: So it was still a very small company.

Mintz: Yes.

Grad: Because I remember the products, and they were very special at the time. Did you do other things besides financial? You've mentioned other roles that you played while you were there, besides just being their financial officer. Did you get involved with some of the legal issues with their lawyers? What kind of things did you do?

Mintz: Basically I was running the business side and the commission structure and the deals with the clients and that sort of stuff.

Grad: Did you have a president, a chief operating officer, somebody who was running the company, since the owner couldn't leave the house?

Mintz: No, for all intents and purposes it was me without the title. I mean, he was the president, but he couldn't leave the house. And by the way, I would be very careful to not try to usurp his prerogatives. I was good at knowing what I didn't know.

Grad: Where was the factory located?

Mintz: Norwood, New Jersey.

Grad: And where did he live?

Mintz: River Edge, New Jersey.

Grad: So it was all New Jersey stuff.

Mintz: Yes.

Grad: Is this when you first moved to New Jersey?

Mintz: Yes, that's when I moved to New Jersey. My wife was teaching in Norwood. She got a job at the Norwood public school, and we would drive up together in the morning and she would drop me off, and pick me up at the end of the day.

Grad: When did you actually move over there?

Mintz: We moved from the Bronx to Englewood, NJ in about 1957.

Grad: So, soon after you got married, you moved.

Mintz: About a year after.

Grad: And the reason you decided to go with one company instead of staying with the public accounting firm?

Mintz: I didn't think that I would ever be able to make much money in public accounting. It didn't afford any degree of leverage, and absent the ability to get a lot of your own clients, which I didn't really perceive because I didn't really have those kinds of contacts, I didn't see how I would ever make more money. And so even though I liked accounting, I thought that it might be more lucrative to go into private industry.

Grad: That was a conscious decision on your part.

Mintz: Yes.

Grad: And you met Colorforms through the public accounting firm that you were with.

Mintz: That's right. Colorforms was a client.

Grad: So you were there at Colorforms for six years.

Mintz: Right.

Grad: Somewhere during that time you ended up getting your CPA?

Mintz: Yes, in 1961. I got my master's degree, and passed the CPA exams.

Grad: Let's go from there. In 1963 you make a change. What causes you to make the change?

Mintz: Colorforms had a variety of products that required paying royalties—Popeye, Bugs Bunny, etcetera, etcetera. And in order to do the monthly royalty report, you needed a detailed sales analysis. In order to do the detailed sales analysis, I brought in a Friden

Flexowriter, which emitted a punch paper tape, and we used that for the billing, but now we needed a service bureau which could take the punch paper tape and create royalty reports. The salesman for the service bureau was Henry Taub of ADP.

Grad: Go ahead.

Starting with Automatic Data Processing (ADP)

Mintz: Henry Taub was the founder of ADP. And a couple years later, I brilliantly negotiated a 25 percent cut in pay and left Colorforms and went to ADP.

Grad: They didn't call it ADP then. Didn't they call it Automatic Data Processing?

Mintz: Correct.

Grad: They didn't start to use the initials as their primary name until somewhat later.

Mintz: Yes, they switched because it was a mouthful to say Automatic Data Processing.

Grad: And you left Colorforms because you were ready for a change. Why were you willing to take a cut in pay?

Mintz: Because working in the toy industry for a guy who was sort of incapable of leaving the house didn't seem like it had a brilliant future. And the data processing industry looked like something new, something that had the potential for growth, and it seemed like a worthwhile crapshoot, and I figured I was young enough to be reasonably courageous, and did it.

Grad: At that point you probably had a couple of children. Your two sons had been born by 1963?

Mintz: Yes. The little guy had just about been born.

Grad: So you took a hell of a risk, didn't you?

Mintz: A little bit, yes.

Grad: Was your wife still working then, or had she stopped?

Mintz: She had stopped. Joan stopped teaching when the first guy was born.

Grad: Let's talk about ADP. Who hired you? Did Henry Taub hire you?

Mintz: Well, both Henry and Frank.

Grad: Frank Lautenberg?

Mintz: Yes.

Grad: So they interviewed you. What job did you come in as?

Mintz: The controller.

Grad: So you were the controller at ADP.

Mintz: Yes.

Grad: Who did you replace?

Mintz: Nobody.

Grad: They hadn't had one before?

Mintz: Well, no. At the time they were only doing 1.2 million dollars a year in sales. They were a company that started in 1949. When I joined in 1963, after 14 years, the total sales volume was $1.2 million, and the pretax profits were about $24,000. So they just had a bookkeeper.

Grad: Talk about what your roles were at ADP. Although fairly small, ADP was still one of the bigger independent service bureaus, because at that point in time the service bureaus were primarily using punch card equipment, although some had started to use computers. Tell me about what ADP was using to do their work then. Do you remember?

Mintz: Well, as I recall, they had IBM 1401s that they had just brought in, and they were still using punch card inputs. We had a big key punch department, and the cards were then fed into the 1401s.

Grad: Were they still using the Volkswagens to deliver the checks and stuff?

Mintz: Actually, I'm the one who did that. I'm the one who got the Volkswagens. I made a deal with Getzinger Motors nearby, and we switched to Volkswagens on short term rentals.

Grad: And so they actually would physically have to deliver the paychecks to all of their clients?

Mintz: Yes.

Grad: Were their clients mostly local at that point in time, mostly within the New York and New Jersey area?

Mintz: Yes, because you had limitations of how far you could go to deliver the paychecks. It was one of the reasons that we very carefully embarked upon a geographic expansion program, because your market delivery area was always limited. If you wanted to do payrolls in Philadelphia, for example, you needed a center near Philadelphia.

Grad: When ADAPSO was formed in 1961 or so there was somewhere between six and eleven companies. It depends on who you ask and under which circumstances. But a number of those were big companies. SBC [Service Bureau Corporation from IBM] and the Univac Data Centers joined and so forth. But ADP also joined. They were one of the founding members of ADAPSO. Was ADP almost entirely in the payroll business then, or were they a general service bureau? Do you remember?

Mintz: When I joined ADP in 1963, more than half the volume came from custom data processing. Actually, I was responsible to a large extent for ending the custom data processing.

Grad: Why did you do that?

Mintz: Because it was a stupid business. You were attempting to create individual works of art, and your success rate was not good, and you would end up with disaster after disaster where people would stiff you and refuse to pay because they claimed you didn't do it right; it was a dumb business to be in.

Grad: We just had this pioneer meeting with many of the service bureaus, and one of the things that they pointed out was that if you were trying to do work in a variety of application areas, in most cases you had to write those programs, because certainly the customers didn't have their own software. And in writing those programs, you took a lot of risk.

Mintz: Yes. One of the major risks was that there was a lack of gestalt. You did not really understand the myriad businesses you were trying to do things for. You often didn't even know what you didn't know, and would constantly get into trouble. It was not a smart business to be in.

Grad: So, in other words, you couldn't make enough money off the machine time to make up for the risk of producing the software that you needed to run those applications. Was there any time where you thought about the idea of doing a general ledger service?"

Mintz: Oh, absolutely.

Grad: Or that you could do an accounts receivable service?

Mintz: Absolutely.

Grad: So why didn't you go that route?

Mintz: We did.

Grad: At that time?

Mintz: No, later on. At that time, one of the first things we did was to get rid of all the custom service work and we were strictly payroll and, in New York, we were also doing brokerage work.

Grad: What kind of brokerage work were you doing there?

Mintz: It was a full service starting with the trade “tickets”—-everything.

Grad: I didn't realize that.

Mintz: We called it ACS, and it was opened just before I got there. It was opened I think in 1962.

Grad: I didn’t realize that ACS was actually part of ADP at that time. Was it an acquisition you made?

Mintz: No.

Grad: That's interesting. So you're now the controller. But you had to do more than that apparently.

Mintz: Well, I was the only parasite in the company.

Grad: What do you mean by parasite?

Mintz: Everybody else was producing things. So I was purchasing, I wrote the brochures, I wrote the advertising materials, I wrote the press releases. I was the controller, I did the acquisitions. I was the idiot who wasn't selling or creating payroll checks, so I did all the other jobs.

Grad: At this point in time was Henry Taub still active in the business?

Mintz: Very.

Grad: And Frank Lautenberg was active.

Mintz: Very. Also, Joe Taub, Henry's brother, was in charge of payroll production—no easy job.

Grad: And who were some of the other principals at that point?

Mintz: John Mattei was the vice president of marketing. He was wonderful. He was a big, big factor in the success of the company. He came from NCR. The "computernik" was George Voss. George was the one who wrote the payroll programs and all of that, and he was marvelous. He was from Dartmouth, as smart as could be. Fred Lafer came in about two years after I did, and Fred was the "legalnik," and Fred was a delightful, smart and capable guy.

Grad: How about Josh Weston? Was he there at that point, or is that later?

Mintz: He came several years later.

Grad: So this is the team of people. The company must have started to grow fairly significantly during this period of time or you couldn't have afforded to have this many good people.

Growth of ADP in the 1960s

Mintz: When I came there, the company was doing $1.2 million. Three years later it was doing around $8 million. There was dramatic growth.

Grad: Did the growth come from acquisitions or from internal activities?

Mintz: Both. It was Mattei's building up the marketing. It was a number of acquisitions. A combination of both.

Grad: Did you get involved in the acquisitions that early?

Mintz: Yes.

Grad: Tell me about what got you started doing the acquisitions, what was your idea, how did you go about it?

Mintz: If you wanted to sell payrolls in Philadelphia, you had to have a center in Philadelphia or in the environs, and ditto in Boston, etcetera. And so we looked at the cities that we wanted to be in, and we got the yellow pages, and we let our fingers do the walking, and we got Dun & Bradstreet reports, and we picked out potential markets, and we approached the local service bureaus and said, "Hi, here's who we are, and we'd like to talk to you," and took it from there. And why did I do it? I was the guy who did the things that weren't production or marketing.

Grad: How did you pick the cities? How did you decide what cities you wanted to be in?

Mintz: It was kind of obvious. You wanted to start out in the nearby places before you went to California, and you wanted the bigger cities with the bigger populations.

Grad: Why didn't you just set up your own operation in each of those locations and start from scratch?

Mintz: Because we were already a public company, and in order to start a de novo operation, you're going to have to lose significant money for a period of time, and we couldn't afford to lose the money and still show the increases in earnings per share to keep the stock going up.

Grad: When did the company go public?

Mintz: When I came to ADP it was public already.

Grad: At under a million dollars?

Mintz: Yes. It was over the counter and it was selling for one and a half or two dollars a share. It had been public I think since 1961.

Grad: So that put some constraints on what you felt you could or couldn't do in terms of investing money. Was there significant capital, or how did you make the acquisitions?

Mintz: We made most of them using paper.

Grad: Your own stock.

Mintz: Yes. And we would give them a certain amount of stock and generally there was a contingent payout formula based on a multiple of growth in earnings for the next X years.

Grad: How many years? Do you remember?

Mintz: It varied. Often it was three to five.

Grad: That long?

Mintz: Yes.

Grad: And anything that grew in that geographic territory, they would get credit for?

Mintz: Yes.

Grad: That was one of the interesting things you did. In these new geographies, you didn’t care whether earnings growth came from the new business or the old business. As long as that geography grew, you were happy with it.

Mintz: Right.

Grad: Did you keep the people in those companies you bought?

Mintz: Oh, absolutely. In fact, if we didn't like the people, we didn't buy the company. As I look back, all of the dumb deals that I did were almost invariably because I wasn't smart enough to read the people correctly.

Grad: So you weren't particularly worried about how smoothly they operated or how effective their software was or anything like that?

Mintz: Well no, because we were giving them our software and production techniques. When we would acquire a company, they would generally be in the custom service business. And the goal was, "Let’s phase out of custom service and let’s put in the packages." We would keep the custom service long enough to cover the nut but then dwindle it down. And as the payroll business grew we would phase out the custom processing.

Grad: But you were using your payroll business as your key business,

Mintz: Absolutely.

Grad: Not general ledger or things like that.

Mintz: Not yet.

Grad: At this point in time payroll was the key that you were going for.

Mintz: Yes.

Grad: Makes good sense to me. All right, let’s stay with that. That’s a very interesting strategy. So, in other words, you pick cities in the northeast and then probably the middle Atlantic, and so on. Do you remember how many acquisitions you made during the next five to 10 years?

Mintz: Yes, I think about 40.

Grad: How did you decide what to pay for these companies?

Mintz: It was tricky, because the earnings that they then had were usually de minimus, plus we knew that we wanted to get rid of most of their customer base to begin with. Every now and then we would get lucky and find somebody who already had a bunch of payroll clients. And then it was simply a matter of switching their payroll clients from whatever system they had to the ADP package.

Grad: I'm surprised to some extent that you didn't look at those companies that were already doing payroll in these cities and try and buy them instead of looking at the generalized service bureaus.

Mintz: We did look for the ones doing payroll, but there often weren't any and the ones that did payrolls usually were usually doing only a few. Like when I came to ADP, ADP had more custom services in dollar volume than payroll because payroll billing is relatively small. Custom services generated bigger dollars.

Grad: Do you remember how they were pricing the payroll services at that time?

Mintz: Generally by the check, with a minimum charge per payroll.

Grad: They would give you timecards or something like and you would key in the data? How would that work?

Mintz: Yes, they would give us [payroll data by filling in our worksheet typically; we did the proofs and balancing, and ran the checks along with a host of reports and analyses designed to help them control payroll costs, etc.] .

Grad: Where did you find your keypunch people? Just local people?

Mintz: Yes.

Grad: You weren't outsourcing that?

Mintz: No, We had our own.

Grad: And when you went to a new location did you bring in a 1401 in those locations? What did you do for computer time?

Mintz: Well, as I recall, they had to have a 1401 to run our programs and then later an IBM S/360 to run our programs.

Grad: Okay. So that was the checkpoint. If they couldn't afford a 1401 and didn't have one already on lease, you would not take an interest in buying them?

Mintz: Unless we felt that we could simply bring in a 1401.

Grad: But that costs money.

Mintz: That wasn't terrible since we would rent the computers.

Grad: Did you have a lot of cash floating around at that point in time?

Mintz: We were always pretty good on cash flow.

Grad: So when you make these buys was it almost invariably a mixture of stock and cash?

Mintz: Usually.

Grad: And so was the cash strictly the cash flow from the operation?

Mintz: No. We publicly raised money a couple of times. We were always rather solvent.

Grad: Who would you consider your most serious competitors during those years at ADP?

Mintz: I don't think there was anybody that was a serious competitor.

Grad: So SBC [IBM's Service Bureau Corporation] wasn't a problem. How about the banks? Weren't a number of the banks offering payroll services at that point or towards the latter part of the 1960s?

Mintz: Yes, in local markets. They were never really that wonderful at doing it. And they were never really a problem. As a matter of fact, we used to get a lot of our payroll business from the banks when they would go out of it. The banks weren't really geared up to do payroll. The hours and the holidays and the weekends and many of the things required to be good in payroll were sort of antithetical to the whole banking mentality. So the banks weren't really a problem. They were almost more of an opportunity than a problem. Later, when we went to other services we had some competitors like when we went into the automotive field. There we were competing with Reynolds and Reynolds and companies like that. But not in pure payroll for a long while. Later Paychex began to be a competitor.

Grad: Tom Golisano?

Mintz: Yes, Tom.

Grad: So let's talk about your different roles, during this 10-year period. You're there with ADP until 1973.

Mintz: Right.

Grad: Did you continue to be the controller or the chief financial officer?

Mintz: I got to be vice president of finance.

Grad: But you still had mergers and acquisitions as a primary responsibility?

Mintz: Yes.

Grad: Did anybody come to ADP and try and buy them during that period that you remember?

Mintz: Not that I know of, but I probably wouldn't have known it if it happened.

Grad: They would have kept that quiet from you?

Mintz: Probably.

Grad: Did the Taubs stay involved all during the 1960s? Or did they drop out at some point?

Mintz: Joe Taub drops out. Henry Taub stays in involved.

Grad: Now, you had different presidents during that period of time, I believe, or CEOs whatever you would call them.

Mintz: Well, when I was there Frank Lautenberg was the president.

Grad: During that entire period?

Mintz: Yes. After I left he then went into politics [editor's note: Frank Lautenberg became a Senator from New Jersey and served almost continuously until 21012]] and Josh Weston became the president.

Grad: You made forty-some acquisitions. When did they start to shift from being payroll only? Because during the late 1960s if my memory serves me correctly, ADP starts to go into significant other businesses besides the brokerage business, is that correct?

Mintz: Not quite. We successfully went into the automotive business, and it generates over $1 billion in revenue today. Along the line we went into accounts receivable processing and general ledger service, but neither of them was ever that meaningful.

Grad: Did the brokerage business grow considerably during that period?

Mintz: The brokerage grew because the market expanded plus we did a very good job of it. This was Henry's baby. He was there full time. Bruce Anderson, who came in initially to do corporate development, but almost immediately Henry stole him and brought him to Wall Street where he did a superb job. The general stock market volume continued to grow. Then ADP introduced something called cage management service some place along the line that caught fire. That division did very well. We made a couple of good acquisitions. BPC brought us. Joe Rosen and Carl Quick both played key roles,

Grad: Was your acquisition strategy to find people in a location that you thought would have good opportunity and growth…

Mintz: It was to find a base, a business base, where we could enter the new market and not have a lot of red ink which would screw up our earnings growth. That was kind of the name of the game.

Grad: You wanted to keep that stock value growing?

Mintz: Of course. Which we did.

Grad: Did you have a due diligence process? Did you have a formal process that you were using for the acquisitions during that period?

Mintz: Well, we weren't really big enough to have a formal process. I would come up with a company and I would sit down with Frank and Henry and they would say, "Stupid, you don't want this because of A and B." Or, "Gee, that looks reasonably smart but what about blah, blah?" And I would say, "Gee, I didn't even think of asking, let me find out". And it would be like that.

Grad: So you were the bird dog?

Mintz: Yes.

Grad: And did you put together formal projections on revenues and costs for each of the acquisitions?

Mintz: Oh, of course.

Grad: And you had to justify the price you wanted to pay? How did you do that? That's one of the tricky things, what is something worth.

Mintz: Well, again, it was a back and forth thing. I would say, "Hey, Frank, I think we could buy this for X?" And Frank's response would be either, "Yes, that sounds fair." Or "You're out of your mind. How could we pay this much for those idiots?" And you take it from there. And it was kind of how much did you want to be in the marketplace? How much did you like the people? And what do you think you could get away with, et cetera. And remember, we wanted those people. And so we didn't really want to trick them because we wanted them to love us.

Grad: Because you were doing long term buyouts, did that make a big difference because the people you were buying out thought they would make a lot of money as it grew? That was when you had a deal where there's some cash up front, there's some stock up front, but then there's a contingent payout based upon the growth at that location that they're going to run. That's a hell of a sweetener isn't it?

Mintz: For both of us.

Grad: But for them particularly because they don't have to be as hard nosed about the purchase price because they think they're going to make money on the come.

Mintz: As they indeed, did. They did spectacularly well on the come.

Grad: And that's the attraction because you had a geographic framework that gave you a very clean way of measuring. Was the pay off based on revenue or based on profit?

Mintz: Profit, strictly profit.

Grad: Didn't they feel you could game them on the accounting because of overhead charges from the corporation and so forth?

Mintz: No. Because I was the guy doing the acquisitions and I was the financial guy. And so if you trust me, you're not going to get cheated and they never did.

Grad: Were you the actual negotiator on these things?

Mintz: Yes.

Grad: So it wasn't Frank or the Taubs coming in and negotiating the deal?

Mintz: It was primarily me, but obviously with Frank and Henry's approval.

Grad: Sure. But you were the one who were face-to-face with them.

Mintz: Pretty much, yes. [Often, we would invite them to headquarters to meet Frank, Henry, Voss, Lafer, Mattei, etc.]

Grad: That's interesting. Let's go now towards the latter part of that period, the late 1960s, early 1970s. The world is starting to change a little bit. Business is growing, I expect, a lot more than eight million dollars in revenue by that point in time by let's say 1970?

Mintz: When I left the company in 1973, the company did $100 million and made about $18 million pre tax. In the 10 years I was there we went from revenues of $1.2 million and $24,000 pretax profit to revenues of about $100 million and pre tax profit of about $18 million.

Managing the New Locations

Grad: It's hard to measure a thing like this. In your case, even though there were a lot of acquisitions, you didn't pick up a ton of money from the acquisition revenues, per se; you picked up a location with the opportunity to grow. Is that a fair statement?

Mintz: We were very lucky. The people we acquired in Boston, Baltimore, Philadelphia, Miami and a couple of other places were all really good operators; they stayed with the company forever and those cities were growing like topsy.

Grad: That's quite a compliment to you in selection of the people there.

Mintz: I had my share of idiots also by the way.

Grad: Of the 40, how many would you consider to be failures?

Mintz: Of the 40 or so, I bet about four or five were failures, where I would think somebody was a boy scout and hardworking and he turned out to be the opposite.

Grad: Ninety percent non-failures is pretty damn good. What did you do in those cases? Let's say you picked location X and you buy a firm there and it turns out the guy is a dodo, what do you do?

Mintz: Well, as I recall, we brought in new management and tried to phase out the dodo

Grad: So you didn't give up on the location, you just gave up on the person?

Mintz: Yes. ADP was committed to being in a big city, even though I had been dumb enough to acquire a not so wonderful guy. We still wanted to be in that city.

Grad: I assume that the newly acquired cities then set up their own salespeople and their own marketing people to grow those locations?

Mintz: John Mattei who was our vice president of marketing would be very involved in recruiting people. And he would talk to one of his good salesmen and say to him, "How would you like to be the sales manager in Philadelphia?" And we would send him down to Philadelphia. Since he and John have been working together he knows the marketing routine, et cetera.

Grad: Did you call them branches? What did you call those locations? Was it a branch? Is that the terminology you used?

Mintz: We called them Operations, cities, offices usually.

Grad: Okay. You're in Philadelphia. You've got the company you acquired along with the guy whose company it was.

Mintz: He's the president.

Grad: He now gets the salespeople with help from John.

Mintz: John will put in a sales manager…

Grad: Reporting to him?

Mintz: Reporting to the president with a dotted line to Mattei.

Grad: So each of these is sort of its own little business unit.

Mintz: Yes, but no.

Grad: So they used the software and the programs that they got from George Voss.

Mintz: Oh, of course.

Grad: They would run their own operation or they would have their own technical people to do the operation of the computers and stuff. So it's a mixed thing. In effect, it's almost like a franchise, except you own the franchise. Is that a good model?

Mintz: Yes. And we have identical selfish motives owing to the contingent payout.

Grad: So once the contingent payout is over, what happens?

Mintz: We hope that they're going to love us and want to remain with us forever.

Grad: So you give them some piece of the action for each location?

Mintz: Well, by the end of the contingent payout, each of them is hopefully independently wealthy. And he's now the president of the operation, which he's very happy with, we hope. And we give him a bigger salary because he's no longer getting a contingent payout and we give him some stock options and all of that.

Grad: You had various ways to motivate them?

Mintz: Yes.

Grad: Now, you must have had very strong central financial control?

Mintz: Yes. Very strong.

Grad: How did you do that? Tell me about some of the processes you used to do three things. One, how did you help them determine their budgets and plans? Number two, how to measure their results against their targets? And number three, how did you make sure they knew the best technologies that they could use, the best marketing plans? So how did you keep them so that they were most cost effective?

Mintz: Okay. Let's talk about budgets. Doing the budgeting for that type of operation is really easier than meets the eye because of the ongoing revenue base.

Grad: A nice recurring revenue stream.

Mintz: Empirically you know what your fall off rate is going to be. And empirically you have a good idea of what your new sales per salesman is going to be. And you know how many salesmen you have and you can calculate the revenues for the year to come within surprisingly accurate parameters.

Grad: How did you determine how many salespeople to put in Baltimore each year? How did you determine how many to put in Philadelphia?

Mintz: By the way, this was never my decision. This would be John Mattei's decision. But to my knowledge it was determined by the size of the market and any geographic quirks. And we wanted to grow the number of salesmen each year.

Grad: So you tried to create a patterned growth structure like 20 percent a year or 15 percent a year, something of that ilk.

Mintz: At the same time, you had to be careful that you didn't get carried away where you're hurting the existing salesmen. If we had 10 salesmen in the market and said next year we're going to have 30, the existing 10 salesmen would say, "You're killing me". We couldn't do that, it would be rude. You don't want to hurt the people you have, but you want to penetrate the market.

Grad: So now you have a predictable revenue plan. Okay. Go ahead.

Mintz: We kind of know the costs of production and we'll talk more about that shortly. So you could pretty well figure what kind of growth in profit you're going to have. You know what the other overhead is. You don't have to be a cockeyed genius. And so the incremental bringdown is easy to calculate and the budgeting really was not as hard as people think. Over the years, we were remarkably accurate. We'd obviously make a bunch of mistakes one way but there would usually be an equal number of mistakes the other way. The over and the under washed, and we used to be right on the money almost every year.

Grad: So let me make sure I understand. You're building your budget, then, really location by location, pulling it together and then you're putting in what your corporate costs are and so forth on top of that.

Mintz: Sure. It really wasn't that hard.

Grad: But your acquisition plan was another piece of that total company plan. How many did you expect to get that year? Where did you expect to get them?

Mintz: Remember in retail there is a concept called "open to buy." Well, we had our own measurement that I called "open to acquire." And I knew that in a given year, I had the ability to acquire x number of new locations without screwing up the earnings growth that we needed to keep the stock market happy.

Grad: Okay. So there were definite parameters that you were working within.

Mintz: Yes.

Grad: So you have your revenue projections. You have a pretty good basis for your cost projections.

Mintz: Right.

Grad: The company is growing rapidly during this whole period of 10 years.

Mintz: Right.

Grad: There was a recession that takes place in 1970 to 1972. Did it impact ADP at all?

Mintz: Not one bit.

Grad: Why not?

Mintz: Because we were growing so quickly. And also when you're marketing payroll if you're clever about it, you could market it as a way to cut costs. And during the recessionary period, the pitch was that in order to control your labor costs, you need all of these on the spot analyses that you're getting by buying our computerized payroll service. So you just emphasize a different part of the package and we sailed right through the recession.

Grad: So you sailed through the recession.

Mintz: No problem at all.

Grad: Most all of the other services bureaus we talked to really got hammered and hurt pretty badly during that 1970, 1971, 1972 period.

Mintz: We sailed right through it. In fact, I was looking at the numbers over the weekend. I have all of the old ADP reports and we sailed right through the period. In fact, one of the things we even mentioned in the annual report that I wrote at the time was that we took advantage of the cost savings aspects of computerized payroll processing.

Grad: By 1973 your brokerage business was pretty significant?

Mintz: Yes.

Grad: Ten percent, 20 percent of your revenues, more?

Mintz: I don't recall. I would think more.

Grad: There must have been some competition there?

Mintz: RCA had a brokerage processing operation, as I recall, and initially we were scared of them because they were RCA. But I think that we sort of surpassed them and they ultimately hung it up and went out of brokerage.

Grad: I know that one of my own software packages [at IBM] was a brokerage package to be used by the clients themselves. Was that starting to become an issue with you that some of the companies would come and run their own back office instead of having you do it?

Mintz: As I recall, I think, yes, but I'm not sure I'm right.

Grad: Are there any other, by this point, general ledger, accounts receivables, those things, automotive, were any of those significant revenue producers?

Mintz: Automotive had started to become significant. Again, I happen to have the numbers. I think automotive was significant by then. General ledger and accounts receivable, no, they were de minimis. See the problem with batch services is that unless they're separable they can't really grow well. Accounts receivable is an ancillary service. It's part of billing, order entry, inventory, et cetera. And there's a whole bunch of things you can't really do as a service bureau because you're lacking the basic gestalt and you can't do it. Payroll is happily separable. The brokerage thing is separable. The automotive thing was separable.

Grad: Was that a conscious decision that these were separable? Let's use automotive as an example.

Mintz: Very conscious.

Grad: Why did you decide automotive as against airlines or something else?

Mintz: The automobile industry was growing at a good pace. The dealers were growing in number. The dealers needed a basic service to do it. Reynolds and Reynolds was already in it and were doing well. We had the opportunity to make an acquisition to put us into that business and it seemed like a good place for us to be and we liked that.

Grad: But you were not number one in that area, Reynolds and Reynolds was, weren't they?

Mintz: When we first went in we were not number one. I think we later surpassed Reynolds and Reynolds.

Grad: Were you the largest brokerage services firm, do you think?

Mintz: Oh, yes.

Grad: So essentially, I mean you have two areas in which you were number one and then go into an area where you know you're not going to be starting at number one. That must have been a little bit of a different philosophy.

Mintz: Yes, as I recall. I had a hard time convincing Lautenberg and Taub that we should go into automotive. They didn't love it.

Grad: Did you have online processing by then that you could do things by terminals and so forth, do you remember?

Mintz: No. I don't think we were. I think we did a little bit on Wall Street. I think they had some online things going on.

Grad: So in other words, when you were servicing the dealers, again, it was a local operation? Or did you have a separate business set up to do the automotive? Say that I'm the Philadelphia president. I'm doing payroll. Now, you've acquired this automotive company

Mintz: That was a separate thing.

Grad: Because I was wondering whether you had this operation in every location to handle the dealers. That's why I was asking about remote processing.

Mintz: The automotive may have been remote processing as I think about it. I don't recall.

Grad: Okay. Business continues to grow as you've done well. I assume that financially you were doing reasonably well while you were at ADP? Did you have much stock? You hadn't been given any to start with...

Mintz: Stock. Not much.

Grad: So you're basically on salary?

Mintz: Yes.

Grad: Big bonus plans? Things that were very effective as you kept making more money for them?

Mintz: Not really.

Grad: So, you weren't in the family in then?

Mintz: Not really.

Grad: That's interesting. If I was there and you were doing all of that good stuff for me I would have, at least, considered that possibility. Is that one of the factors that led you to leave?

Mintz: To some extent.

Grad: In 1973, your children were now 10, 12-years-old that kind of range.

Mintz: Right.

Grad: You've been very successful at this and now you decide to leave. Tell me about it.

Leaving ADP

Mintz: I was never really interested in becoming a manager. It wasn't one of my things. I was more interested in creating things and making the numbers work out and things of that sort, doing acquisitions. And at some point along the curve, Lautenberg felt the need to have somebody who could be a manager to help with that part of the business. And he brought in Josh Weston who was a strong managerial type. And Frank was also getting involved with outside things. He was for a while the national president of the UJA. He then got involved in political things even before he decided to run for public office. And so he liked the idea of having somebody who could be the management executive. And he brought in Josh Weston. And Weston apparently felt that in order for him to achieve his own goals that he wanted to have his own people in there. And so I found myself in a little bit of an uncomfortable situation playing political games which I didn't really like and frankly wasn't very good at. And it became less fun. And over the next several years Voss was gone. Mattei was gone. And that's kind of what prompted my leaving. And then I was gone and later Lafer was gone.

Grad: I think that Lafer stayed involved for quite a few years.

Mintz: He stayed involved only because he had a relationship with Henry but his involvement in the actual ADP operations ended.

Grad: I see. I do remember him being active in ADAPSO for quite a period of time. Now, during this whole time you were with ADP you were not active in ADAPSO, is that a correct statement?

Mintz: Yes.

Grad: And Frank was the representative to ADAPSO at that time.

Mintz: Right.

Grad: Okay. When does Josh Weston come in? Do you remember?

Mintz: Josh Weston came in at about 1971, I would guess.

Grad: So this is a very quick transition there, over those next couple of years? So now you're not as comfortable there. Josh really wants his own people and you feel yourself a little at sixes and sevens is what I'm hearing.

Mintz: A little bit, yes.

Grad: All right. It was a very ballsy thing to do to decide to leave the company and to go out on your own. Tell me about it.

Mintz: Initially, I thought I might want to create my own computer services company and I thought being a CPA. I would do a service package for accountants which, at the time, ADP did not do. And I checked with Frank and I thought that I had gotten his blessings and approval. Then Fred Lafer said, "Gil, you really can't do this. It's competitive, et cetera, et cetera, et cetera." So I, of course, backed away. I wasn't about to have a fight with my friend Lafer and with ADP. And I said, all right, maybe I'll start a merger and acquisition company which I did. I started Broadview Associates.

Starting Broadview Associates

Grad: In 1973 you start Broadview Associates. You've got two kids who are not quite teenagers or just teenagers.

Mintz: Right.

Grad: So where's the income going to come from?

Mintz; Well, I had some savings. And I figured I would make money from the M&A business.

Grad: Why did you think you could make money in an M&A type business? Nobody else was making money at M&A at that point, were they in this industry?

Mintz: I just thought I could.

Grad: That's very interesting and very courageous. I know when I went into my own business later in the 1970s, I felt that I was jumping off of a cliff and I didn't know where I was going to land.

Mintz: Well, I had a little bit of a thick skull. And I thought I had enough reserves to cover myself.

Grad: Financially, you mean?

Mintz: Yes. Interestingly, at the time that I resigned from ABP, it was like April of 1973 and I ended up hanging around and writing the annual report for the year, because that was one of my jobs. And then I opened my office right after Labor Day. But at the time, in April, I had become involved with a company called American Training, which taught people how to be truck drivers. They were located in Baltimore and they traded on the American stock exchange, and I had been buying the stock and thought I had a sufficient cushion to be courageous and do this. They then went bankrupt.

Grad: You thought you had something that would help cover you if income was slow. You started a one man shop.

Mintz: Yes.

Grad: But you physically set up your office in Fort Lee. You actually went and got an office. You didn't do it at home.

Mintz: No, I got an office in Fort Lee; I had a little suite with three offices and a secretary. And initially, I would rent office space to other people in different businesses. I would give them an office. They would use my secretary and they would pay each month, and that would cover my rent.

Grad: I see. So you didn't have a lot of out of pocket cost attached.

Mintz: No, because I covered the rent and most of the secretary's salary with the rental income.

Grad: Did you have any deal with ADP to do acquisitions for them?

Mintz: No, because Josh Weston and I weren't great pals, and so he was not about to give me any kind of deal.

Grad: So you didn't walk out with him feeding your pocket.

Mintz: Not at all.

Grad: I was just wondered whether you had kind of a side deal with him.

Mintz: No.

Grad: And you hadn't been active in the ADAPSO.

Mintz: No.

Grad: So you didn't really know the companies that were there.

Mintz: Right.

Grad: A leap of faith, my friend. Okay, let's keep going. You open your office. Now what do you do? How do you start doing M&A business?

Mintz: Well, it turns out that I was kind of known in the industry without being in ADAPSO as the idiot who made all of these ADP acquisitions, so Bill Bird of ITEL contacted me and they became clients. Pete Musser of Safeguard contacted me, and they became clients.

Grad: But these were on the buy side.

Mintz: Yes.

Grad: Is that what you were looking for primarily, buy site clients? Is that where you thought you would make your money?

Mintz: Well, selfishly I liked the buy side clients, because I would charge them a monthly retainer, and I immediately had some flow of income.

Grad: So, your basic model from the start was to have them on a retainer, not on a per acquisition basis?

Mintz: Well, it was both. In other words, you retain me at X dollars a month. When you did an acquisition, there would be a success fee, and I would credit back what you paid me on retainers.

Grad: Where did you come up with that model?

Mintz: I don't know. I think I invented it, or perhaps I stole it. It's hard to remember. It's so long ago. I bet I stole it from somebody but I don't remember who I stole it from.

Grad: What was the amount of money for the retainer?

Mintz: I would charge you $1,000 a month as a retainer, because that would cover my expenses, and I would get a commission on a deal. So if at the end of the year, I did a deal where the commission is $20,000, I take $20,000 minus the $12,000 you paid, and I would bill them for $8,000.

Grad: So you'd give them back the entire retainer that they had paid.

Mintz: Yes, sure. It kind of seemed impolite to be charging them a commission and keeping the retainer.

Grad: Do you remember what the commissions were then?

Mintz: Yes, they were five, four, three, two, one.

Grad: What does that mean?

Mintz: Five percent on the first million, four percent on the second million, three percent on the third million, two percent on the fourth and one percent on everything over.

Grad: Do you remember your first deal?

Mintz: Not really, no.

Grad: Now ITEL and Safeguard came to you directly?

Mintz: Yes.

Grad: Had you ever met the people there before?

Mintz: No.

Grad: How did they hear about you?

Mintz: Well, again, I was the guy from ADP who'd made all the deals.

Grad: And how did they know that you were the guy from ADP?

Mintz: Oh, I think it was just known in the industry. I mean, I was kind of all over the industry. It wasn't a great secret.

Grad: Tell me when you joined ADAPSO.

Mintz: I'm not sure, but I think it was right after I started my own business.

Grad: So you knew it was there?

Mintz: Yes.

Grad: But you hadn't been active.

Mintz: Right.

Grad: But you joined fairly quickly.

Mintz: Well, again, it was very selfish. I wanted to meet the people in the industry.

Grad: Of course. Now when you set your framework, were you going to do services company acquisitions?

Mintz: Initially, I was going to be a generalist, and I was very excited because right from the get-go I got as seller clients the second largest manufacturer of extruded aluminum parts in the aerospace industry, the second largest, by coincidence, manufacturer of steel pails. I was thrilled, and I came back to the office and we got out our Thomas's Register, to see who would be the logical buyers. And I started sending out letters, and I would get calls back letters saying, "Tell me about the steel pails. Are they cold rolled?" And I didn't even know what the question meant, let alone what the answer was. And I realized that you really are supposed to be doing deals only in an area you understand. And also, one of the people who I had been dealing with at ADP in a public relations firm very profoundly said to me, "Dummy, why don't you specialize in what you know?" And I said, "Gee, I never thought of it. That's a smart idea." At that point, I started to specialize only in the computer industry and it took off from there.

Grad: Now you joined ADAPSO, and you decide you're really going to be trying to do mergers and acquisitions in the computer field.

Mintz: Yes. Actually, in my very first year in business, I earned double my ADP salary.

Grad: How much of that was because of the retainers and how much of that was because of the actual deals you closed?

Mintz: Most of it was because of the deals. The retainers weren't that big. They weren't a lot of money.

Grad: How soon did you take on seller side companies?

Mintz: Immediately.

Grad: What was your deal with the seller side companies?

Mintz: On the seller side, I would usually ask for a retainer, which I would credit against the success fee which was usually the same five, four, three, two, one.

Grad: So in other words, they would give you up front $5,000 or $10,000 for earnest money to show they were serious?

Mintz: Yes, kind of. Well, it was more than just to show that they were serious, because I would have to do a whole book and a study and that kind of stuff when they signed up.

Grad: So you kept that money regardless.

Mintz: Yes. You give us a $10,000 up front commission and a success fee of five, four, three, two, one and we'll give you back your $10,000 and you pay our out of pocket expenses. We were very careful about the out of pocket. We would never fly first class. We would act like we weren't getting it back.

Grad: Tell me about the first time you're acting on the sell side instead of on the buy side. How did you go about it? You've got somebody who hears about you, you hear about. Did you find these sell side clients or did they come to you initially?

Mintz: Mainly they had to come to me, because I wasn't smart enough to know how to find them. It wouldn't really be polite just to go to a company and say, "Hey, you want to sell?" And sometimes I would get sell side clients because one of my buy side clients wanted to be in a particular area of data processing. So I would approach a company and say, "Hi, I'm representing Blah, and they would like to be in your business and they'd love to talk to you." If that deal didn't happen for whatever reason, I would then feel that it would not be impolite of me to go to them and say, "Well, gee, you didn't do the deal with Blah, and we were kind of impressed with you. If you would ever like to consider selling your company, we'd be pleased and proud to represent you," like that. Then an interesting thing happened. One of my rules in business, and I really adhered to it, was that you can't really play this game based on what's good for you. You have to play the game based on what's good for the other guy. And you're not always right. Sometimes you're being stupid, but you had to try to play the game based on what you think is good for the client, the other guy. And so people would come to me and say, "I'd like you to sell my company." We'd spend a few hours talking and I would say, "I don't think you should sell. I think it's the wrong time. I can't get you real money yet. I think you'd be much better staying in it yourself, etc." I would kind of turn them down.

Grad: Let's pursue that, because that's one of the most fascinating parts. If I'm a real estate broker, and someone comes to me and says, "I want to sell my house," the brokers work very hard at saying, "Absolutely." And the key is, "How much do you think I can sell it for?" So I'm sure when a seller side client came to you, or you came to them, the key question was always, "What do you think I can get for the business?" How did you decide?

Mintz: Oh, well that wasn't that hard to do.

Grad: Tell me why.

Mintz: Because you're looking generally at a multiple of earnings and in many cases, the potential seller would be able to also get a contingent payoff from the buyer. And so if you had earnings of X and a balance sheet of Y, etc. you could generally figure it out.

Grad: In a closely held business, the amount of money that shows up as earnings for the company is a matter of how much the people take out for themselves.

Mintz: Well, you would adjust it, obviously. One of the advantages of being an accountant is that this is not that hard to do.

Grad: Did you use earnings rather than revenues as a base for determining value? Did you use a price/earnings ratio, rather than a price/revenue ratio?

Mintz: Yes.

Grad: Why?

Mintz: I don't care if somebody has $100 of revenue if he's not making any money. I don't want to buy revenue.

Grad: Nowadays, a lot of people deal with cash flow as a criteria for what they're willing to pay for a company, rather than pretax earnings.

Mintz: Well, my buyers were public companies in the computer industry, and the public companies were looking at earnings per share. And so by focusing on earnings, you have an intelligent basis for doing a deal.

Grad: Let me probe that a little bit. There weren't very many public companies at the time in the computer software and services area. Certainly, there were no more than about half a dozen or so in the service bureau area at that time. There were no software companies that were public in the 1970s.

Mintz: Right.

Grad: The first software company was Cullinane Software [renamed Cullinet] which goes public at the end of the 1970s and that was the first company in the software and service industry that went public after the recession. There were some that had gone public in the 1960s. ADR did, quite a few did in the 1960s. After the 1970s, a whole bunch of them went public. So your buyers, if they were public companies, had to be outside the industry. They've always made the point when we've gone over this with other companies, that Cullinane was the breakthrough on going public as a software company. Now maybe some others went through it as services companies or something like that. I don't know. Reynolds and Reynolds may have been public before, I don't know. Anyway, name some of your initial clients who were on the buy side. You mentioned ITEL.

Mintz: ITEL, Safeguard. I had Chase.

Grad: Did you have AT&T or any of the big telephone companies?

Mintz: Subsequently, when Harvey Poppel joined as a part of the firm, he came from Booz Allen. He had been working with the Regional Bell Operating Companies (RBOCs) after the mandated breakup of AT&T.

Grad: But now we're into the 1980s aren't we, by then? Isn't Bernie Goldstein your partner by then?

Mintz: Bernie came in 1979.

Grad: I'm still trying to look at the 1970s period. Was there a lot of M&A work in the 1970s? That's what's puzzling me. I'm trying to remember. You were still a relatively small operation at the end of the 1970s, weren't you? Or am I wrong?

Mintz: Yes. When Bernie joined me, yes, I think it was still basically me.

Grad: But you made a nice living out of it.

Mintz: From 1973 to 1979, Broadview was Sonya Houston and myself.

Grad: Sonya was there with you?

Mintz: Yes, I believe that you know her.

Grad: Yes, of course. I've been trying to find your old files on Broadview and Sonya, I hope, is going to help me find them. We'll talk about that afterwards. But she's a very nice lady, very helpful. I worked with her quite a bit over the years.

Mintz: What does she do nowadays?

Grad: I don't really know. I've been trying to get in touch with her, and with the people that are still with Broadview at Jeffries & Co. There's a Tracy Reynolds who's worked for Broadview for 16 years apparently. She's helping me try to get some of this. Did you do five acquisitions a year, ten? Is that the right number, about that ballpark?

Mintz: Probably did about five to seven a year.

Grad: You made a nice living out of that?

Mintz: Yes.

Grad: Did you enjoy it?

Mintz: Oh, I loved it.

Grad: So what was the major source of income for you? Was it the sellers or the buyers?

Mintz: Both, because we would go to all the ADAPSO meetings.

Grad: You say "we." It was you.

Mintz: Me, yes.

Grad: So you would go to all the meetings.

Mintz: Yes. I'm so used to saying "we." It was me at that point. I'd do a seminar and I started to do the president’s round tables.

Grad: Let's talk a little bit about that time period, before Bernie came in later on. You told me earlier that when you were at ADP that one of the things you did was bring the people in charge of each office or region together to share ideas and to do things. Tell me about how you did that.

Mintz: Because we had multiple geographic locations at ADP, all doing basically the same thing, we would have a monthly cross report—that's what we called it—and they would each fill out what it cost them for each item of cost. Like what does it cost you to process a check? What does it cost you in the computer room? What does it cost you per payroll for delivery? What does it cost you per payroll for marketing costs, etc.? And we'd get the information in from each office. We'd synthesize them and send everybody back a report, showing all of these cost areas in all of the markets. And now you would get the report and you would look at it, and you'd say, "Oh my god, what does this guy in Philadelphia know that I don't know? How is he spending so much less on X than I am?" So you'd call him and say, "Ron, you little devil, how did you manage to blah-blah?" And Ron would of course tell you. So they would all learn from each other.

Grad: You were collecting, you were disseminating and then an individual would call another individual. That's still not a group meeting. The president's round table is bringing a bunch of people together at one time.

Mintz: Well, first of all, there were group meetings after the monthly cross report, quarterly group meetings. But who wants to wait for a quarterly meeting? If I look at the report this month and see that Arthur Kranzeler in Boston is spending less on delivery per payroll than I am, I want to know what he knows that I don't know. I'm going to steal his idea. And he's happy to tell me, because we're from the same company.

Grad: You're not competing with each other in that sense.

Mintz: Yes. And by the way, they would have a number of informal meetings. "Gil, you really want to know how it works? Jump in your car and drive over and I'll show you." But that gave me the idea for the president's round table. The idea was to put together a group of companies that are in similar areas which weren't always quite as homogeneous as I would have liked, however. And you send them a bunch of detailed questionnaires before the meeting, which they fill out. And the ground rules are: what you learn here, you never discuss with anybody else please. And you sit down at the meetings and you talk about the various areas. You go right through the operations from production cost, to manufacturing techniques, to delivery techniques, to marketing techniques and hopefully people would come away from the meetings having learned something from their fellow operators. And because the people at the meeting weren't really working for each other, there was no reason to be very agreeable and say what you think is politically correct. You would try to be truthful and honest, and people would come away getting a certain dimension that they couldn't get within their own companies, because the people there are all working for them and beholden to them, and are not going to say, "Hey, silly, there's a better way to do this. Why aren't you doing it?"

Grad: Late 1970s, is that when you started the first president's round table?

Mintz: I'm not sure.

Grad: My memory says about 1977, 1978, sticks in my mind.

Mintz: It sounds reasonable, but I really don't remember.

Grad: Do you remember the first one you set up?

Mintz: No.

Grad: Who the people were?

Mintz: I've no idea.

Grad: Service bureau people think that they went first. Larry Schoenberg along with some of the professional services people think that they may have been among the first. I know that you were the person who set up the first two. And you set up these forms that they'd fill out and bring information in.

Mintz: Right.

Grad: And you were there at the first meetings, I believe, for those first couple at least.

Mintz: Oh sure, yes.

Grad: You helped to set the stage and helped them work out the procedures of how they were going to operate.

Mintz: Yes. It was fun to do. Plus of course, I was selfishly motivated for the obvious reasons.

Grad: Hopefully, some of them might be willing to buy, some of them might be willing to sell.

Mintz: Yes.

Grad: At the service bureau pioneer meeting, your name was taken in vain quite a bit, and Bob Tessler and John Rollins, as well as some of the others mentioned the president’s round tables that you helped to start, and they thought they were pretty significant. I talked to George Raymond. He wasn't at the meeting, but I interviewed him and he remembers he was on one of the early round tables.

Mintz: He had a payroll company.

Grad: Bob Blankenship and a number of the other people there remember being at many of those round tables. Some of them are still going strong, 20, 30 years later. Incredible. It's quite a thing that you set up there. What else did you do? You ran sessions when you were at ADAPSO. You schmoozed with people. What else did you do? You started the president’s round tables. Were there any other activities you were involved in at ADAPSO, or was that your principal work?

Mintz: At ADAPSO, I would conduct the M&A seminar, which was a regular part of each meeting. And we tried to make it interesting. We would try to talk about a different aspect of M&A each time so it wouldn't be boring or repetitive.

Grad: You had full houses. The M&A seminars were always very, very well attended. We were trying to think what size rooms we would have for what sessions, but we'd always try to make sure we had a big room for the M&A sessions.

Mintz: And we would try to put interesting people on the panel. I didn't want to just stand up there and pontificate, so we would try to get interesting people from the various companies to talk about their M&A activities.

Grad: At the end of 1970s, it's still pretty much you and a secretary, a small operation. Something happens, and you and Bernie Goldstein become partners. Tell me how that occurs.

Mintz: Well, Bernie had just succeeded in selling National CSS to Dun & Bradstreet.

Grad: He had left Tymshare. He and Tom O'Rourke had some differences on strategy.

Mintz: That's right, and Bernie went to National CSS. Then he sold that to D&B.

Grad: For an unreasonably high price.

Mintz: Bernie didn't want to work at D&B. I knew Bernie because he had been somebody I would try to sell things to. Bernie said the equivalent of, "How would you like to have a partner, stupid?" I didn't, at the time, really want to un-status my quo. I was already making more money than I could spend in a year, and I really wasn't looking for a partner. And so I kind of tried to discourage him and succeeded for the moment, I thought. About six months later, he came back and I realized at that time I had a choice. I could either have Bernie as a partner or as a competitor. I cleverly concluded that I'd much rather have him as a partner than a competitor and so Bernie became my partner.

Expanding Broadview Associates

Grad: He joined you; did he bring any money to the table?

Mintz: No, that wasn't necessary.

Grad: So the two of you now, did you have enough room? Did you get some new offices? What did you have to do?

Mintz: Well, no, I already had the suite of offices. I simply got rid of one of the tenants and moved Bernie in.

Grad: That's in New Jersey. He was living in Westchester County in New York State. So, he commuted over.

Mintz: Yes, a half hour.

Grad: What happens next? Tell me what happens with Broadview?

Mintz: Bernie of course had a bunch of contacts and since Bernie is very growth oriented, we started adding people. And we added George Grodahl and we added another guy whose name escapes me at the moment. And like that, we start building the company.

Grad: Did you start adding the people because you had the clients or because you wanted to get the clients?

Mintz: Both. We were busy as hell and we kind of had more action than we could handle.

Grad: You were still on both sides? You had your buyers and you had your sellers?

Mintz: Yes, we were always on both sides.

Grad: The deals you were putting together then, maybe you can go back in the 1970s a little bit. Did they have a contingent payout in almost all cases, or were they now being fairly clean in terms of upfront money?

Mintz: It depended upon the buyer and the seller and the area. Where a contingent payout would make sense, we would try to use it. Where it didn't make sense, we would try to not use it. We would try to determine ourselves what kind of deal to recommend.

Grad: One of the things that Broadview was noted for in the1980s was that they had built dossiers on probably every company you could think of who might be important in the industry. They started to build up information about all the companies there and started to build up information about every deal that was done, whether you handled it or not. That's my recollection, that this done during the 1980s.

Mintz: Right.

Grad: Had you done much of that during the 1970s, or were you pretty much ad hoc during the 1970s?

Mintz: You mean building up dossiers on all deals? No, we started that later.

Grad: Was Broadview becoming a different kind of company?

Mintz: Yes. We now had staff; we started doing that stuff.

Grad: As part of software history project, we’re looking for records; so it would probably be the very late 1970s, early 1980s before we would see significant records from Broadview. Let's keep going. We're now in the 1980s. The country has started to recognize that there really is a software industry here. There was a *Time* magazine article about the industry. Somewhere along there almost every one of these big telephone companies, the RBOCs, decided they want to be in the information processing business.

Mintz: Right.

Grad: And they started buying companies, paying high prices for companies. At a later point, probably the late 1980s, NYNEX, one of the RBOCs bought AGS, Larry Schoenberg’s company. ADR was purchased by Ameritech in Cincinnati.

Mintz: It's hard for me to remember because there were so many.

Grad: Did you have some of those RBOCs as clients?

Mintz: A lot of them. We wanted to be in the hardware industry. Bernie and I knew services and we knew a little bit of software. We didn't know anything about hardware. We wanted to be in the hardware industry, but we were afraid to try to do hardware deals, because we didn't know a good widget from a bad widget. So we wanted to bring in somebody who knew it. Harvey Poppel had been a vice president at Booz, Allen Hamilton, and he was very involved in the hardware side. And so we propositioned Harvey to leave Booz Allen and come to Broadview. And we made him a minimum guarantee for his first year earnings, which was a reasonably high number. We then discovered, after he came to Broadview, that he had recently been involved in the breakup of AT&T, and knew a bunch of the RBOCs. And suddenly the RBOCs wanted to be in the computer field and Harvey was able to get them as retainer clients. So greed and avarice took over and we said to Harvey, "Wow, maybe we'll put off getting into the hardware business at Broadview and instead sign up the RBOCs." Because he was bringing in monthly retainers that were very nice, that made it very easy to cover our guarantee to Harvey. And we decided to find another way to get into the hardware side, which we did. We hired Steve Smith, who was very knowledgeable in hardware and did a wonderful job.

Grad: When was that? That's later though, isn't it?

Mintz: My recollection is that Poppel came in 1986-1987 and Smith about a year later.

Grad: During the 1980s was most of your M&A work in the software and services businesses?

Mintz: And some hardware as you get near the end.

Grad: During that time, the business grows dramatically. You outgrow your little suite of offices, I'm sure.

Mintz: Right. We move from the building that I started in to the next building over. Now we've got a bigger facility. And then a few years later, we outgrow that. In about 1993 we move to another bigger facility two blocks away in Fort Lee, and that's where we were.

Grad: What kind of work were you personally doing during that time?

Mintz: Me personally? I'm doing deals. At all times, I'm probably juggling a dozen deals.

Grad: You're a deal-maker then?

Mintz: Yes, and I was the financial control man at the firm, because that's my thing.

Grad: Is Bernie the general manager?

Mintz: Is Bernie the general manager? Yes, because he was better at that than I was, and I was better at the finances than he was. And so without ever saying it, informally he was the president and I was the chief financial officer, and we were both doing deals.

Grad: But when you start to get staff, you start to get administrative people and stuff like that, you start to need management.

Mintz: Not a lot. Because Bernie was being very successful being the informal president, and still doing deals, and I was being the informal financial guy and doing deals, and it wasn't till later that we actually hired a chief financial officer and that kind of stuff.

Grad: So the two of you were able to basically do the key jobs in the company. You didn't have a separate marketing staff or anything like that during that time?

Mintz: Well, no, because the marketing staff really was the partners.

Grad: Well, now, when you brought these other people in what kind of deal did you make with them? How did you handle that? Did you make them partners? How did you do that?

Mintz: Well, normally, you came in initially as an associate, and you got a salary and a bonus and that stuff, and after a period of time, if you did well, we'd make you a partner.

Grad: Were all partners created equal, or were there different levels of partners, in terms of sharing in profits and so forth?

Mintz: Well, there was a formula for how much you got; the formula was Bernie's creation. So much for me being the financial genius. But the formula was a combination of your equity points and your productivity.

Grad: Was does "equity points" mean?

Mintz: Your equity is what percentage of the company you owned, and your equity points would go up each year based upon your productivity. So if I had 10 percent equity, and my productivity for the year was 10 percent, there's no change. If I had 10 percent equity, and my productivity was 12 percent for the year, I would go up by one half of the difference. Then next year, I'd have 11 percent. So we were in motion.

Grad: To the extent that you and Bernie, the deals you closed yourselves, kept you at a very high percentage of the productivity, then you would still continue to maintain a large percentage of the ownership?

Mintz: No, our equity kept shrinking because we were adding partners.

Grad: Did you start at 50-50, the two of you?

Mintz: Oh, sure.

Grad: So your percentage relative to each other could've changed over time, depending upon your productivity?

Mintz: Yes. It took Bernie about three years to learn the business, and from then on, I couldn't keep up with him if I stood on my head. He out produced me every year.

Grad: So, gradually over time —let's say by the end of the nineteen-eighties —how many people did you have as partners at that point? Do you remember? Five, ten, fifteen?

Mintz: No, no. More. When I retired in 1998, we had 24 partners.

Grad: What percentage of the equity points did you have at that point? Do you remember?

Mintz: When I retired? Oh, ten percent or so.

Grad: Really?

Mintz: Yes.

Grad: And Bernie?

Mintz: He had retired a few years earlier, and he still had probably a fairly significant percentage,

Grad: Yes, because if he was a more significant producer, I guess he would.

Mintz: Yes.

Grad: He made a very nice living, as did all the people who worked for you, from what I've been told.

Mintz: Yes. We made some people very wealthy.

Broadview Deals

Grad: Yes. Let's talk now about some of the kinds of things you did, and the kind of deals. My memory is that you probably did over half the merger and acquisition work in the software and services industry during the nineteen-eighties. I don't know if you measured that or not.

Mintz: But we rarely did the very big deals, because the big brokerage firms were frequently the ones who got those, because the very big deals were done by the very big companies, and they had relationships with the big brokerage firms. Because we only did one thing; if you needed financing, well, we just didn't do it. I mean, we were broker/dealers, so we were technically allowed to do all these things, but we didn't want to because we were always afraid we'd be experimenting, learning a new business, with our clients as the guinea pigs, and it always seemed like it would be an impolite thing to do. So we kept out of it.

Grad: Over the course of the nineteen-eighties, as best you can recollect, were you making money from both the seller side and from the buyer side?

Mintz: Oh, yes. They weren't really separable.

Grad: Did the bulk of your money come from representing sellers? For example, I know that Sterling Software between 1981 and 1999, had some 80 deals they did through Broadview, and they were, of course, a buyer. They sold practically nothing over that period of time. They had you on retainer, and they brought you in on every deal that they ever had. So you would get a lot of money from them. They would pay you a commission on each of the deals. I don't know if the formula had changed by then. I think the 5-4-3-2-1 commission plan was still there, but instead of it being at one million, two million, three million, four million, I think it had gone up to 2-4-6-8 and 10 million

Mintz: Something like that. Yes, right.

Grad: So you had to find companies for them, companies that had come to you, or probably that you found through research.

Mintz: Right. Both.

Grad: I was just trying to see if it was more your representing the buyers and looking for potential acquisitions, or representing sellers and looking for potential buyers.

Mintz: The two went very much hand in hand. The ground rules were, if you're a retainer client of ours, and if we get a seller client that we think would make sense to you, we're going to show him to you before we'll show him to anybody else. And we would actually try to not have two directly competing companies as buy-side clients, because it would put us in a position where we wouldn't know how to behave.

Grad: Let me give you some examples. You started with Sterling Software about 1982, because I know I was involved then with Sterling Williams and with Bernie. Platinum Software comes along maybe five years later, in the mid-nineteen-eighties. Was Platinum one of your buy-side clients? Do you remember?

Mintz: No.

Grad: Charlie Wang at Computer Associates—were they a buy-side client?

Mintz: Yes.

Grad: They would be competing, certainly, in some of those deals. How would you handle it?

Mintz: What we would have done is if we had a new sell-side client that we thought would make sense for both Sterling and Computer Associates, we would say to the sell-side client, “We have as buy-side clients A and B. We think you would be of interest to both of them.” We would always ask their permission, by the way. We would never show anybody to somebody without first getting their permission, because the answer could be, “Oh, no, I don’t want to deal with those guys.” So we would ask their permission, and if they would say, “Yes, go to both of them,” we would go to both of them simultaneously, and, by the way, we would probably tell each of them that, “This is a new seller we got. We thought it would make sense for you. We also have a relationship with the other guy.” And we were very open. We thought that that would be the way to do it.

Grad: In your structure, you were getting paid by the buyer, if you found them a company to buy. If both the seller and the buyer were your clients, how did you handle that on a commission basis? Did you get the whole commission? How did that work?

Mintz: If we had a seller client that we sold to one of our buyer clients, we would tell them right at the outset that, “This is a seller that we just recently got, and obviously that’s who we’re representing, and obviously that’s who’s going to pay us, but because we have a relationship and we think this is something that might fit with you, it would be impolite of us to not show it to you first.”

Grad: But in that case, then Sterling would not pay a commission, or would they pay a limited commission?

Mintz: No commission. If we’re representing the other guy, we can’t take it from both sides.

Grad: That seems like a complicated thing, that if in fact you had a retainer relationship with a buyer, and you then had a seller that you felt was a good match, how did you work out what the fair price was because, in effect, you had a representational relationship with both?

Mintz: We were never adversarial. We always took the attitude that we’re trying to come up with a fair deal for both, and happily it was an industry in which you almost always wanted to retain the management of the company you bought, or you didn’t want to buy it, and so you didn’t really want to trick anybody. And we never found it that tough to say, “Hey, buyer client, this is a case where we’re representing the seller. Look at it, see if you like it. Does it pass the

"Gift" test? If it does, now let's talk about price." And we would then try to be right in the middle, going back and forth, and try to come up with something that worked.

Grad: But wasn't that hard? That puzzles me. Most sellers had an inflated sense of what they should get for their company.

Mintz: We would try, as step one, to bring them to reality. When we talked with a company who was a potential seller, we felt that we were honor bound to lowball a little bit, and never to overinflate. If we thought that we could sell the company for $100, we would never in a million years say, "We can sell you for $120." We would much sooner say, "We think we can get $80 to $100," because we thought that to do the other thing was rude.

Grad: But certainly by the end of the nineteen-eighties, you had some competition. There were other people in the M&A business. Didn't the sellers say that, "We'll go to X, Y or Z, because they think they can get more money for me"?

Mintz: If that happened, and it did occasionally, the response would have to be, "We can only tell you what we conservatively feel is realistic. And if the other guys are right, then as we talk to the buyers, we'll try to get a bigger number, but we can only tell you at day one what we sincerely think we can get for you. Otherwise, we're not being honorable."

Grad: And that worked most of the time?

Mintz: Yes. If you think about it, we were the major dealer in the industry.

Grad: You had the advantage of being number one.

Mintz: And if we're telling you we don't want to give you pie in the sky, and if somebody else thinks that you could get a higher price, maybe he's right, but let's test this if and when we're lucky enough to have an eager buyer.

Grad: I think it's a good approach. It makes a lot of sense. For each company that became a seller company, you put together some kind of a package. What did you do for them?

Mintz: We would create a memorandum. We'd create a book, and it would be usually 30, 40, 50 pages. First of all, we'd do a study of the company, and we'd ask a bunch of questions, and because we're in only one industry, we're usually knowledgeable. We understand it. We have a grasp of what they're doing, often better than they did themselves, frankly. We would then put together a book and we would put together a menu of potential acquirers. We'd sit down with the company management and say, "Okay, here's who we think we ought to go to; is there anybody here you don't like? Do you have any other thoughts that we weren't smart enough to think of?" And together we would modify and add names, subtract names, come out with a final list, and decide, "Is there any priority of who we ought to go to first? We think maybe we should go to A, B, and D before we go to anybody else, and feel them out." And you'd figure out the best way to do it. You're doing it with your client.

Grad: And they would pay you an up-front commitment fee?

Mintz: They'd pay an up-front commitment fee and they'd pay the out of pocket costs.

Grad: I have a question on that. Was that commitment fee sufficient to cover your out-of-pocket costs?

Mintz: The actual cost of doing what we did? Usually not. We were going at risk, to some extent. I don't think we ever made money from the commitment fee where we were unsuccessful, and there were times where we'd get stiffed on the commitment fee because they just didn't have the money to pay it. They'd agree and you'd send them a bill, and they couldn't write the check.

Grad: So you didn't get the money before you did the book?

Mintz: No. We usually didn't do it that way. We would take them at their word, and every now and then we'd get stiffed for the commitment fee.

Grad: Let's go back to you and the company now. Were your deals in a particular segment of the industry? Did you specialize in some areas?

Mintz: In later years, as software products became more sophisticated in the industry, I didn't fully understand some of those deals, so I tended to not do them. Initially, I would do most of the processing services deals, which I knew cold, and then I would get involved in the professional services deals, which you didn't have to be that clever to do, and which I also knew cold. And I would try to get the clients that were the software companies, but I couldn't do it by myself because I wasn't clever enough to really understand it, so I would go in with a technically knowledgeable associate. The associate would talk with the management, and I would sit there and smile and try to understand the deal. But I tended to do the deals in the processing services and the professional services field.

Grad: How did you split those deals? Were there direct commissions when a deal was made to the person who made the deal?

Mintz: At the end of the year.

Grad: But it's only part of that deal. My point is that it wasn't a specific commission. When you closed a deal would you actually get a specific a specific commission?

Mintz: No.

Grad: So everything's pooled, and you share from that pool in the form that you described to me?

Mintz: To put it another way. If at the end of the year and Broadview had a zero profit, if we broke even, even if you did a whole bunch of deals, you wouldn't get anything.

Grad: Let's stay with that one more step. When you brought in an associate or another one of the brokers, how would you split the productivity points with them?

Mintz: The associates didn't get anything.

Grad: Did you ever bring in another partner to share with you?

Mintz: Oh, sure. Yes.

Grad: How did you split the productivity points with him?

Mintz: Well, we would decide up-front that we'll split this half and half, or, "I may give you two-thirds, because you really know this, and I'm sort of just coming along."

Grad: So it was a personal relationship, then. There was no formula for doing it.

Mintz: The two partners decided on what would be a fair split.

Grad: Since you and Bernie initially had some management responsibilities, as well as your deal-making responsibilities, did you pick up extra points because of that?

Mintz: No.

Grad: Never bothered?

Mintz: No, we never bothered.

Broadview in the 1990s

Grad: Now let's now talk about the nineteen-nineties. Broadview explodes during the nineteen-eighties, becomes a very substantial business. A lot of merger and acquisition work. By the end of the nineteen-eighties, you now had more competition, the deals are bigger, you start to put in a floor in terms of business that you are going to handle; you're not going to touch anything unless it's at least X, Y, Z in size. So the nineteen-nineties, now you're in a somewhat different environment.

Mintz: Actually, the nineteen-nineties were much more explosive than the nineteen-eighties.

Grad: Why was that?

Mintz: Well, because the industry had grown, the Internet had spawned a whole bunch of new companies, and the nineteen-nineties were the biggest period of growth.

Grad: You were there through 1998?

Mintz: Yes, through the end of 1998.

Grad: And Bernie is out somewhere in the nineteen-nineties?

Mintz: I think he called it a day at the end of 1995 or 1996.

Grad: So, all of a sudden, it's a whole new ballgame, because of the size of the market, and then the nineteen-nineties become the Internet period. E-commerce —all that stuff starts to happen.

Mintz: When Bernie retired, he didn't really retire. I mean, he would still call up and say, "Hey, I have a deal," and if we needed some advice or help or something, we would feel free to call on him. Bernie likes to play, so it wasn't really an imposition.

Grad: During that period of time, you said the number of partners was up to?

Mintz: When I left, there were 24 partners.

Grad: Wow. And there were a bunch of associates, I'm sure.

Mintz: Yes.

Grad: You had a big operation going.

Mintz: We had, if I recall, between 250 and 300 people.

Grad: I remember, before Bernie left, he was a managing director.

Mintz: All the partners were called managing directors.

Grad: Were you?

Mintz: Yes, and we all had a card saying that.

Grad: I had an impression—maybe this is an incorrect one—that at the point when Bernie left, that Paul Denninger became the chairman.

Mintz: Yes. Charlie Federman was the chairman first, and then Paul Denninger became the chairman.

Grad: What was the nature of that role?

Mintz: The chairman was the guy who was ultimately responsible, but he was still doing deals also, by the way, but he had a responsibility of determining what the associates did, who reported to whom, how the associates were trained, what the inter-relationship between the associates should be—stuff like that.

Grad: You have 250 people there. There's got to be someone who's managing the hiring process, the personnel, the administrative and other office things.

Mintz: Yes.

Grad: Who was doing that?

Mintz: Well, we had a personnel manager, we had an office manager.

Grad: Who did they report to? Did they report to the chairman?

Mintz: When we had a chairman, yes, they would've reported to the chairman.

Grad: When did you start the chairman job? Do you remember?

Mintz: I could tell you by looking at what I brought with me, but my recollection would be we started the chairman job around 1992, 1993.

Grad: So during the whole nineteen-eighties, you did not have that structure?

Mintz: No, I don't think so.

Grad: Many people believe that Broadview helped to create the industry, because people who went into the industry believed there was an exit strategy at some point, that Broadview would find them a buyer, and that was a very significant element. And then a number of companies went into the industry where their whole idea was to buy rather than build their own products or services. Many people believe that Broadview was a very significant factor in the whole growth of the software and services industry.

Mintz: I think that's true. I mean, it wasn't really our goal. We weren't really being quite that noble, and saying, "Oh, we want to build an industry," but I think that we were responsible to some extent, and because we kind of behaved like boy scouts—which was very good for business, by the way—I think we played a role along there, but obviously, our primary goal was that it was a business.

Grad: One thing that's fascinated me when the story is told about the industry, or the Computer History Museum does an exhibit, they talk about the companies in the industry. They speak about the service bureaus and professional services, and on and on and on. And virtually none of them think about the infrastructure, the companies who were around the edge, whether they were the market research companies, whether they were people like Larry Welke, who said, "Here are the things that are available." People don't know about that or about Pat McGovern with the newspapers and the magazines that he did, or Broadview. These are all part of that infrastructure that helped to make the industry grow successfully. They just pay no attention to it, and it's always interested me. And yet you were a major part of the infrastructure.

Mintz: We were doing 100 deals a year plus or minus a few.

Grad: Could you measure how big a business was it in revenue terms?

Mintz: Oh, I think the year that I retired that we probably had about $75 million to $80 million in revenue. And I think in the couple of years after I retired, before the implosion of the industry, I think there was one year where revenues jumped up to close to $120 million.

Life after Broadview

Grad: When you and Bernie retired, did you retain your equity points?

Mintz: We each had different deals. I got a specific buyout for X years. Bernie, I'm not sure. I think he stayed with the original retirement program, and I think he did better than I did.

Grad: So, in effect, you sold your equity points back to the company?

Mintz: Yes.

Grad: And so all the other partners, in effect, were paying you off over some number of years.

Mintz: Yes.

Grad: And their equity values went up as yours went down?

Mintz: Well, no. I surrendered all my equity when I retired.

Grad: It effectively went to zero.

Mintz: It was split pro rata and bought back.

Grad: They had to buy it out.

Mintz: Yes.

Grad: I'm going to now try and bring this to a close. What did you do after you retired? Did you continue to work or did you really retire?

Mintz: No, I really retired. We have three homes, and we run around and do all kinds of fun things, which I never really got to do when I was working. So no, I've been really retired.

Grad: Were you 65 years old?

Mintz: I believe I was 66 when I retired, yes.

Grad: Have you missed the business?

Mintz: Have I missed the business? A little bit, sure, because it was a lot of fun. I loved it.

Grad: It's an adrenaline rush?

Mintz: Yes. On the other hand, there are a whole bunch of other things I do that I love also.

Grad: Were you on any boards, either while you were at Broadview or since you were there?

Mintz: Well, while I was there, I was on a few boards.

Grad: Give me some of the companies.

Mintz: Oh, I was on Safeguard's board for a bit. I was on George Raymond's board, the payroll company. I was on one or two other boards.

Grad: Did you enjoy being a board member, or did you find that a chore?

Mintz: Some of it was fun. In other cases, it wasn't fun when I was on the board.

Grad: But you aren't on any business boards at this point?

Mintz: No.

Grad: What are the other activities, besides going to Vail and Florida and skiing and so forth?

Mintz: Well, I play golf and I play bridge.

Grad: So you find it a full life?

Mintz: Yes.

Grad: Was health or anything like that a factor in your deciding to retire?

Mintz: No, not at all. No, I've been healthy right along, luckily.

Grad: That's terrific. What I usually try and do in closing these interviews is to ask, "Do you have some lessons that you'd like to pass on, or advice you'd like to pass on, to the next generation?"

Mintz: I'm not sure whether the advice I would pass on is still germane. We were successful at Broadview, to a large extent, because we were boy scouts.

Grad: You mean, ethical?

Mintz: Yes. I would meet with a prospective seller and tell him, "No, you don't want to sell now." Next thing I know, he would send me five friends who want to use me. And so it turns out, almost to my embarrassment, that being honorable was a spectacular marketing technique, which wasn't really the intention. Now, I don't know if the climate today is as it was then. One of the rules at Broadview was, you don't do a bad deal because you are greedy. You could do a bad deal because you were dumb—you try not to be—but you don't do it because you're greedy.

Grad: What do you mean by a "bad deal"?

Mintz: Like if you think your buyer client shouldn't buy a given thing you showed them, you're supposed to say, "Hey, I brought this to you, and at the time, I thought it was good. As we've move along, I've changed my mind. You shouldn't buy them." You're supposed to tell them.

Grad: Stay with that a minute. You had picked up somebody as a seller client. They wanted to sell. If you felt that they were being dishonest, that they weren't telling you the truth, what would you do?

Mintz: I would back away.

Grad: You would tell them, "Here's your money back, and go away"?

Mintz: Yes.

Grad: Did you ever actually do that?

Mintz: Yes, because I would have to be an immoral moron to want to go to one of the buyers in the industry and sell him something that I knew isn't as represented, just so I could earn a fee. Shame on me.

Grad: That's a very important point, and I think it's something that we tend to forget. Did you have trouble on that with some of your newer partners or associates?

Mintz: Not really.

Grad: They all bought into that?

Mintz: Well, because that was always the ethic when we would interview somebody and bring them into the company. We would always tell them, "Here's how we play the game." And if they weren't comfortable with that, they wouldn't join, and if they weren't comfortable but wouldn't say it at the time, later on we would say, "Hey, these were the ground rules, day one. We don't do that."

Grad: I think about so much greed that we see in so many of the ways things are represented while we're reading the papers today, but have been for quite a while. Did you do much work with VCs?

Mintz: Sure. Yes, we did several deals with Welsh Carson Anderson.

Grad: With General Atlantic?

Mintz: Yes. Absolutely. General Atlantic was a client. We did multiple deals with General Atlantic. Yes, we did a number of deals with the VCs.

Grad: That's what I meant before, by showing the VCs that there was an effective exit strategy for the companies in which they invested. There were buyers. You didn't have to go public to get your money. I think that encouraged a lot of VCs to invest money in software and services companies, but I have no facts to back that up.

Mintz: I would say yes, absolutely, because basically a VC makes money when they exit, and absent the ability to exit, you don't want to enter.

Grad: That's the point I'm making, and I think because you helped to create that market opportunity, I think that made a big difference in terms of ethics, moral standards, being a good boy scout. Is there any other advice you'd like to pass on?

Mintz: You cannot succeed in the merger and acquisition business unless your primary focus is on what's good for your client, not what's good for you.

Grad: I think that's a wonderful approach, but we see so much of the other, don't we?

Mintz: Unfortunately, it seems so.

Grad: The Gordon Gekko view of the world on Wall Street.

Mintz: Yes.

Grad: Anything else that you think I should have asked you that I forgot to ask you?

Mintz: Nothing comes to mind.

Grad: You're not an organization person like Fred Lafer, for example, who loves to be active in organizations?

Mintz: No. But I've been active in a couple of things.

Grad: You're not managing any financial things or providing financial advice at this point, other than for yourself, I gather.

Mintz: Yes and no. I'm the treasurer of our condominium in Florida and that kind of stuff, but nothing, really.

Grad: I thank you very much, Gilbert. This is an excellent interview, and I appreciate it.

Mintz: You're welcome.