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Darwin Bruce Sees Gold in Small-to-Middle Market M&A



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Darwin Bruce was not like most 12-year-olds, who read Spider-Man comic books and studied baseball cards.

Three-and-a-half decades ago, Bruce spent hours a day as a seventh grader reading *You and the Law*, a book several hundred pages thick that his mother received as a gift for renewing her Reader's Digest subscription.

"I know it sounds crazy, but I read and studied the book all the time," says Bruce, former long-time general counsel for T.D. Jakes and the Potter's House. "I know it sounds crazy, but I read and studied the book all the time,"

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says Bruce, former long-time general counsel for T.D. Jakes and the Potter's House. "Even as a boy, I enjoyed reading about business enterprises and how contracts should be written and enforced."

Thirty-six years later, Bruce is a leading voice for entrepreneurialism in the North Texas small and middle market business community.

A corporate lawyer who has served as a general counsel and chief operating officer, he is pioneering a new initiative to help owners and executives of small to mid-cap companies in North Texas better understand strategic growth opportunities.

"Middle market and smaller businesses are driving the U.S. economy, but very few financial advisory firms target this group," he says.

"The lower middle market is currently underserved and the service options are extremely fragmented. Lower middle market businesses have a broad spectrum of advisory needs and the majority of the businesses in the economy are in this category. The sector has the greatest need for comprehensive advisory services."

A graduate of Southern Methodist University's Dedman School of Law, Bruce recently formed Capital Market Ventures, a Dallas-based M&A advisory firm designed to work with businesses in the small to middle market space seeking to take the next step forward.

"In order to grow and prosper, these businesses need to know their options – from mergers and acquisitions, access to the capital markets to joint ventures and other kinds of potential partnerships," he says.

Bruce, who also serves as "of counsel" at Haynes and Boone, points to recent data from The Texas Lawbook's Corporate Deal Tracker showing that there are hundreds of middle and lower-middle market M&A deals and capital market transactions signed in Texas annually.

There are an equal number of strategic growth opportunities that are not being pursued, he says, because leaders of small and mid-sized businesses simply don't understand or know about growth opportunities available to them.

"Owners and executives at most mid-market companies are focused on doing what they do best – making their products, serving customers and so forth," he says. "They want to grow. They want to expand. But all they see are impediments. They need someone working for them to help them see and understand the opportunities out there to help them grow."

Born and raised on the Texas side of Texarkana, Bruce attended the same high school as the recently-deceased Ross Perot. His father was a postal worker and a Baptist minister. His mother stayed home to take care of their seven children. Bruce is the youngest.

Bruce received the President's Achievement Award Scholarship, which allowed him to attend Texas A&M University, where he received a bachelor's degree in English and business in 1993.

After graduating from SMU Dedman in 1995, Bruce worked three years at the Barbknecht firm, an eight-lawyer insurance defense boutique in Plano.

"I went to the head of the law firm after about a year and said I wanted to do more transactional work," he says. "He said that was fine but that I had to find my own clients and develop my own work. So, I did."

Between 1999 and 2004, Bruce served as general counsel and senior vice president at two private equity firms and CEO of an electronics manufacturing and services company.

In 2001, Bruce and his family started attending church at the multi-cultural, nondenominational Potter House, pastored by T.D. Jakes.

"One Sunday, I was talking with one of the pastors at the church, who said they needed an in-house counsel," he says.

Bruce took the job of general counsel in 2004 and added the title and responsibilities of chief operating officer three years later.

"We were growing at a fast pace, doing entertainment and TV contracts, a staff of 300, intellectual property to protect, lots of huge events – it was incredibly exciting," he says. "The job gave me great exposure to all kinds of people and experiences."

"A large church operates in many ways like a business," he says.

In 2009, SMU Dedman honored Bruce with its Distinguished Alumni Award. He's also authored a book called *The Map to Entrepreneurship*, which is a guide to creating a successful business strategy in an increasingly regulatory environment.

The Texas Lawbook recently sat down with Bruce to discuss his career and needs in the middle market.

Lawbook: How did the experience of being general counsel for T.D. Jakes impact your life and, separately, you as a business lawyer?

Bruce: Working with T.D. Jakes had a tremendous impact on my life both personally and professionally. The experience enhanced my world view and provided broad subject matter exposure. I was able to analyze all matters from both a business and legal perspective. It was this exposure that encouraged me to soar and pursue my dreams of being a leader in middle market business growth.

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Lawbook: What gave you the idea of focusing on middle market M&A?

Bruce: There were several factors involved. I worked as a senior vice president and general counsel handling private equity, mergers and acquisitions, and other finance matters in the past. I spoke with business mentors and studied trends in the industry over the last few years. I also counseled many middle market business leaders and entrepreneurs and gained an understanding of their passion for strategic growth and their practical needs to achieve it.

I saw a need to build a company that would focus on them and provide a comprehensive solution. I also decided to focus on middle market mergers and acquisitions and private equity because the middle market has the largest number of businesses in the economy and I believe it is an underserved market with high growth potential.

Lawbook: What is middle market M&A and what are you focusing on specifically?

Bruce: The middle market is often broadly defined. It can include businesses with revenues from \$10 million to \$1 billion. My current focus is on businesses with revenues from \$10 million to \$500 million. I believe the lower middle market has the greatest potential for growth in the coming years. It is also the sector that could benefit the most from the comprehensive value-added service model that I am able to provide.

Lawbook: There is obviously so much focus on large M&A deals. Is the middle market – especially lower middle market – underserved when it comes to those offering M&A expertise?

Bruce: Yes. I definitely believe that the lower middle market is currently underserved and the service options are extremely fragmented. Lower middle market businesses have a broad spectrum of advisory needs and the majority of the businesses in the economy are in this category. Therefore, the sector has the greatest need for comprehensive advisory services.

Lawbook: What are the biggest challenges facing businesses in the middle market space regarding M&A?

Bruce: The biggest challenges for middle market businesses include the fragmentation of the service providers to the middle market sector. Middle market business leaders also have limited time and resources to focus on M&A and governance strategy. These companies need advisory services from those who understand how to analyze all factors associated with their business operations and strategic planning.

Lawbook: Where are M&A experts – be they lawyers, financial advisors or so forth

– misunderstanding or at least missing the needs of those businesses in the middle market space?

Bruce: Most M&A experts do not provide a comprehensive, strategic approach to services. They focus specifically on targeted areas of service, which can lead a company to make critical decisions from a limited perspective. There are also few M&A experts who provide strategic planning services that assist middle market companies to grow and position themselves for M&A and other business opportunities.

Lawbook: Are there easy solutions? What do small and middle market businesses need?

Bruce: I don't believe there are any easy solutions to complex business matters. However, I do believe middle market businesses need to be able to centralize their growth strategy, M&A plans, and business governance functions so they are free to focus on day to day business operations and the company can maintain stability while managing growth at the same time. Having centralized advisory that considers all factors affecting their businesses, including post-transaction integration, is extremely important to middle market business success.

Lawbook: What do you see your role or opportunity in filling that need or the gap that exists?

Bruce: I have been fortunate to have both a legal and business background. Therefore, I am able to take a multidisciplinary approach to every strategic plan and proposed business transaction. I have been a CEO, COO, and SVP, so I understand all of the practical business issues middle market business face.

I have also been a general counsel in the past and I am currently Of Counsel with Haynes and Boone focusing on mergers and acquisitions and private equity, so I understand the legal implications associated with operations and growth.

This affords me the opportunity to provide a comprehensive, multidisciplinary, and strategic approach to business services through my advisory company and legal services through Haynes and Boone. I believe this combination adds tremendous value to middle market companies seeking to exit or to expand both domestically and internationally.