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The Midwest Medicis' Favorite Financier

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Jimmy Haslam is one of the South's richest men, the scion of a private truck-stop empire called Pilot/Flying J. About five years ago, Mr. Haslam was at a wedding in Florence, Ala. There he recalls meeting a most interesting, likable fellow. His name: Byron D. Trott.

"We just struck up a relationship," says Mr. Haslam.



Amid much cynicism over America's financiers, Bryron Trott retains the trust of high-profile investors such as Warren Buffett. WSJ's Dennis Berman explains why.

This was not random luck. Mr. Trott, 52 years old, is perhaps the world's most famous investment banker, lauded and envied for his knack at winning the trust of America's wealthiest families. Mr. Trott has advised Pritzkers, Wrigleys and Johnsons of S.C. Johnson fame in merger deals ranging from the \$23 billion Mars-Wrigley tie-up to the Pritzker's \$4.5 billion sale of Marmon Holdings to [Berkshire Hathaway](#) Inc.

As a former vice chairman at Goldman Sachs Group Inc., he was tutored by former Chief Executive Hank Paulson and praised by [Warren Buffett](#), whom he recruited for a \$5 billion investment in Goldman Sachs in 2008. He got so good at it that he lives like one of the families he counsels: He built a 14,000-square-foot mansion that overlooks Lake Michigan.

Man in the Midwest | The public and private world of Byron Trott



ADVISER
To wealthy families and family-owned companies including the Pritzkers, the S.C. Johnson clan and family-owned Alberto Culver, which sold itself to Unilever for \$3.7 billion in 2010.

PRIVATE-EQUITY INVESTOR
Bought a majority stake in Weber grills for an estimated \$500 million to \$1 billion; owns Illinois's largest beer distributor; a small investment in Pilot/Flying J gas stations; a minority interest in investment bank Tudor, Pickering, Holt & Co.

PUBLIC INVESTOR
With reported stakes in Gap Inc., Berkshire Hathaway Inc., Males Inc., and Wal-Mart Stores Inc.

RESIDES
In a 14,000-square-foot mansion overlooking Lake Michigan designed by Robert A.M. Stern's firm. Its style is described as American Country Georgian.

PLAYER
On the boards of Hyatt Hotels, the University of Chicago and Enterprise Rent-A-Car Co.

Photo: Bill Carter/Photography Week

Two years ago, Mr. Trott left his high-profile perch at Goldman Sachs, where he had worked as a private banker and deal maker since 1982. He started a new firm, blandly dubbed BDT Capital, and christened a slogan, too: "The Merchant Bank to the Closely Held."

The 38-person firm is styled as a modern court for the Midwest's Medicis. It's a hub from which Mr. Trott can connect wealthy business owners to one another, advise a fidgety patriarch or assemble his own deal from a \$2 billion investment fund raised 80% from families, with some sovereign-wealth-fund cash and a dollop from Mr. Buffett himself.

Outside of a Wikipedia entry, Mr. Trott has diligently avoided public attention. But he remains a polarizing presence across the Street. Competitors—many of them jealous—view Mr. Trott as playing a different game than they do. They complain that, while they do the dirty, necessary work of Excel spreadsheets and loan documents, he's busy playing host to a private club for the wealthy.

As rivals are quick to mention, Mr. Trott was working opposite Mr. Buffett, not for him, all those years. To be dubbed the only investment banker Mr. Buffett trusts should be "horrifying," says one Chicago competitor. "You don't want to be known as the guy who sold too cheaply."

BDT Capital is thus the ultimate test for Mr. Trott. Can he turn from adviser into a world-class investor in the mold of Mr. Buffett? Can he, in essence, transform his social capital into real capital?

"We want to be a small firm with a big impact," Mr. Trott said in an interview. Families control about one-third of the firms on the S&P 500 index, he notes. Focusing on families, "we have a much different approach and perspective."

Mr. Trott's investment fund is catered to those families, who are looking for long-term, stable places to park their money. The time horizon on most investments is unheard of by private-equity standards, roughly 12 to 15 years. "If we find good investments with great owners, we would rather keep them than sell them," he said.

Mr. Trott's connections and advice eventually landed him a plum role with Mr. Haslam, the man he met at the Alabama wedding. Pilot/Flying J was looking to reduce an ownership stake formerly purchased by a private-equity firm. Mr. Trott's investment fund was brought into the mix, taking roughly 5% of the total company for an undisclosed sum, according to a person familiar with the deal.

Mr. Haslam acknowledges he could have found the money elsewhere. But he wanted Mr. Trott involved in his company, in part because he was able to bring the head of his senior advisory council—former Wal-Mart CEO Lee Scott—onto the Pilot/Flying J management committee. "He discusses opportunities or challenges without preaching," Mr. Scott says of Mr. Trott. "He wears well."

Mr. Trott's connections were also essential to his largest transaction to date, the majority purchase of Weber-Stephen Products LLC, the Palatine, Ill., company behind the Weber grill. The firm is owned by the Stephen clan, a group of 12 siblings who needed to raise some money from their business.

Mr. Trott's fund was viewed as "safe capital," according to a person familiar with the deal. While the Stephens might have fetched more money in a full public auction, they ultimately chose BDT because Mr. Trott promised to hold the investment for a very long period. The final deal valued the company somewhere between \$500 million and \$1 billion, according to the person familiar with the deal.

This highlights one tension for the BDT fund: delivering returns for backers while meeting the demands of investment targets. Mr. Trott's approach seems to be of the Buffett school. Pick quality businesses, and it will all work out in the end. "The families that control these companies have a view that they have a set of issues that are unique to them," says Robert B. Tudor, who recently sold a minority stake in his energy-investment bank, Tudor, Pickering, Holt & Co., to BDT. "They're attracted to working with people on those issues. Byron has hit a nerve with these guys."