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Harvard whiz earns respect from equity pros and rights activists

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By CHERYL HALL / The Dallas Morning News

The Rev. Jesse Jackson expects great things from Dale LeFebvre.

Never mind that you've never heard of this 33-year-old Dallas money manager. Mr. Jackson figures Mr. LeFebvre is about to make his presence known.

Mr. LeFebvre, who grew up poor in Beaumont, is a managing partner of Dallas-based Pharos Capital Group LLC, one of the nation's largest black-owned private equity firms.

His diploma in electrical engineering from Massachusetts Institute of Technology hangs in his Crescent Court office, along with his MBA and law degree from Harvard University. And he recently joined the board of the National Urban League.

"Dale is committed to change beyond himself," says Mr. Jackson, who met Mr. LeFebvre through his son Jonathan Jackson. "I consider him a strong confidant and adviser when I have critical legal matters that need analysis. I see him offering great hope for the future."

Yet few in the Dallas business community – including influential black executives – know Mr. LeFebvre, who moved here in 1999 after stints at McKinsey & Co. and Morgan Stanley.

That's because Mr. LeFebvre (pronounced *la-fehv*) has spent most of the last three years in Peabody, Mass., trying to save Converge Global Trading Exchange, one of the world's largest independent distributors of electronic components and technology products.

Pharos' idea back before 2000 tech bust was to be a small player among giants. It invested \$3 million while big names such as Hewlett-Packard Co., Compaq Computer Corp. and Fujitsu Ltd. placed much larger sums on Converge's becoming a billion-dollar company.

The plan was three to five years, in and out, pocketing millions in profits.

But when the high-tech industry imploded, the high-tech giants cut their losses and fled – along with most of the company's executive team.

Mr. LeFebvre and a "scrappy group" of seasoned underlings were left to salvage a company that was losing \$5 million-plus each month. Pharos, which was supposed to be a minor investment partner, wound up owning 85 percent of the company.

"I couldn't afford not to make something happen," says Mr. LeFebvre, who's breathing much easier



Mei-Chun Jau /
DMN
Dale LeFebvre

these days, with global business on the upswing and a new \$60 million line of credit in place.

So is Frank Cavallaro, who stepped in as Converge chief executive after the carnage. "Dale can find the linchpin to solve a particular issue, whether it be customer, financing or operationally based. Then he steps out of your way and lets you execute."

Converge, which was *Black Enterprise* magazine's 10th-largest black-owned industrial service company in 2003, should post \$350 million in sales this year, with a positive cash flow of several million dollars, Mr. LeFebvre says.

He hopes to recoup his firm's money and then some in the next few years. "That's the difference between spending and investing. If you don't get your money back, you're just shopping."

Grounded

Dale Lee LeFebvre swears he's still "a simple Beaumont boy," shaped by his humble beginnings as the son of a teacher's assistant mother and a father who was a file clerk for the Internal Revenue Service.

Mr. LeFebvre, a gourmet cook who's divorced, surrounds himself with memorabilia at his office.

A picture with President Clinton teaches him humility. "It's easy to think you're where you are because you're smart, when in reality, you're just lucky. No amount of personal acumen gets you into the White House. The reverend [Jackson] was why I was there."

A manumission document, commonly known as freedom papers, ties him to his black heritage.

"This is me," he says, picking up a photo of a Rodney King protest he helped organize at MIT in 1992. "I keep this to remind me I used to be more focused on other issues."

His dorm room caught fire his senior year, burning everything he owned, including his undergraduate thesis on holographic and optical data storage. A fireman's boot donated by a sympathetic first responder tells him that hard times can always get worse.

Then there's a bamboo sword used for Japanese martial arts training. "I look at that as a metaphor to learn without losing your hands."

And of course, there are his MIT and Harvard diplomas.

His academic journey started his junior year at Central High School in Beaumont, after he aced the PSAT and earned a spot at MIT's summer program in Cambridge.

Later, a scholarship from Bell Laboratories paid his \$18,000-a-year MIT tuition. Ironically, his parents were disappointed that the eldest of their two sons wasn't going to the University of Texas at Austin.

Mr. LeFebvre decided he'd rather be Thurgood Marshall than an electrical engineer and was accepted at Harvard. But he had to save some serious money first.

He went to work for McKinsey in Cleveland, helping Fortune 500 clients cut costs and improve sales. That experience convinced Mr. LeFebvre that his true calling was in private equities, not the judicial bench.

A fast study

Hoping to get into the venture capital arena as quickly as possible, Mr. LeFebvre took on the Herculean task of getting his MBA and his law degree from Harvard simultaneously – working during the summers at Morgan Stanley.

"All of my courses were geared around business, even at the law school," he recalls. "I never took a course on civil rights, which is sad. I was extraordinarily pragmatic."

And broke. He left Harvard owing \$250,000 in student loans. "I remember thinking how depressing that was."

Mr. LeFebvre shocked his friends by turning down several prestigious Wall Street firms to join a year-old Dallas company raising its second fund.

Kneeland Youngblood founded Pharos to "create a culture of success, excellence, integrity, sacrifice and hard work." He thought Mr. LeFebvre would be a strong addition toward that goal.

Mr. Youngblood and Mr. LeFebvre are rare black faces among the nation's money managers.

"Basically," says Mr. LeFebvre, "almost all of your pension dollars are managed by people who don't look like us – despite the fact that more than 10 percent of this capital comes from people who do look like us."

A valuable player

Mr. LeFebvre's ascendancy into higher business circles is one reason Mr. Jackson has taken a keen interest in his son's best friend.

"I asked the reverend why he spends time with me," Mr. LeFebvre says about their deeply personal conversation in Washington, D.C., four days after 9-11. "His answer was, 'It's a good thing that Martin [Luther King Jr.] couldn't make a half-million dollars a year, because if he could have, we might not be able to vote.'"

"Then he added, 'One day, you're going to stop chasing that sack of nickels, and you'll become a man of means and consequence.'"

"Only the reverend can say 'sack of nickels' the way he does."

What drives him

The pressure is well-intended, Mr. Jackson says. "What made Martin Luther King so different was he was a Ph.D. who applied it to people who needed it the most. You don't shine a flashlight at the sun. We must take light to dark places and apply knowledge to those who have great needs."

Can Mr. LeFebvre do that?

"Absolutely," Mr. Jackson says. "He already does."

But Mr. LeFebvre will do it from the business arena. Any political aspirations he had dissipated after an

internship in Sen. Ted Kennedy's office in 1992. Seeing legislative sausage being made was too much to stomach, he says. "It was more about who got what than it was effecting meaningful change."

And that "meaningful change" is what drives Mr. LeFebvre.

His current mission is to land funding for a vaccine for malaria, which infects up to 500 million people each year and kills 3,000 African children every day.

In June, Mr. LeFebvre was working with a company in Medford, Mass., that wanted Pharo's funding for its new drug manufacturing process.

He learned that the company, Ancora Pharmaceutical, also holds a patent for a malaria antigen. "It's been animal-tested, with 85 percent effectiveness, but the research is just sitting on its shelves."

That's because venture capitalists shun projects with a poverty-stricken customer base. So Mr. LeFebvre hopes to persuade the Bill & Melinda Gates Foundation, which has a malaria initiative, to fund an estimated \$10 million that's needed.

"For the past few months," says Mr. LeFebvre, "I haven't been able to stop thinking, 'Wow. If you could cure malaria, that would be something of consequence.' "

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