

BLACK ENTERPRISE

JUNE 2006

America's Top Black Chefs

YOUR ULTIMATE GUIDE TO FINANCIAL EMPOWERMENT

BE 1000S

The Nation's Largest Black Businesses

Oil Baron

How Nigerian-Born CEO Kase Lawal Built His Billion-Dollar Empire

How To Pass On Wealth To Your Children

Home Inspections Save Thousands Before You Buy

GLOBAL VISION

Lawal's Houston-based crude oil and gas exploration company, CAMAC International Inc., is the 2006 Company of the Year

PHOTOGRAPH BY PAM FRANCIS

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publisher's Page

THE FUTURE OF BLACK BUSINESS

One billion dollars. Not long ago, that sum resided in a distant constellation of stellar achievements—along with leadership of multinational corporations—deemed light-years beyond the grasp of African Americans. In 1973, the year we published our first list of the nation's largest black-owned companies (then called the **BLACK ENTERPRISE** Top 100), the total revenues of those enterprises were less than half a billion dollars.

Fast-forward to 2006. Today, our **BE 100s** lists include no less than 10 companies (up from seven last year) with annual revenues exceeding the \$473 million generated by the entire original Top 100. This year, we have an unprecedented three companies with revenues of more than a billion dollars each: World Wide Technology Inc. in Maryland Heights, Missouri; Prestige Automotive Management in Ypsilanti, Michigan; and Houston-based CAMAC International Corp.

CAMAC, a multinational oil and gas exploration company led by CEO Kase Lawal, is our 2006 Company of the Year, the third billion-dollar company recognized by **BE** since TLC Beatrice International Holdings in 1988. And, our 2006 Financial Services Company of the Year, Carver Bancorp, led by CEO Deborah C. Wright, is well on the way to becoming the first black bank ever with a billion dollars in assets. Two other **BE 100s** CEOs, Harpo Inc.'s Oprah Winfrey and RLJ Development L.L.C.'s Robert L. Johnson, are among the first African Americans to be recognized as billionaires. When Reginald F. Lewis became the first **BE 100s** CEO of a billion-dollar-plus company, he often and openly expressed his expectation that other black entrepreneurs would shortly follow, moving the **BE 100s** into the ranks of America's largest multinational corporations. While Lewis, tragically, did not live to see it happen, the era of black-owned, billion-dollar companies seems to be at hand.

All of this says a lot about how far African American entrepreneurs and their companies have advanced over the past three decades. But what's more important, intriguing, and inspiring is what the success of these companies says about the future of black business. What does it mean for more black-owned companies to cross the billion-dollar threshold? What can we take from the examples of companies like CAMAC and Carver to ensure that their success is replicated? What has to happen for black-owned businesses to continue to grow in size, as well as number? The answers to these questions can be found in the stories of the best and brightest of the **BE 100s**, as chronicled in this issue, which features our 34th Annual Report on Black Business. As you read through this issue, a number of important themes will emerge, pointing the way to the future of black business and the wealth-building potential of all black Americans.

First, in order to grow black-owned companies of significant scale, black entrepreneurs must continue to find ways to secure the nation's largest corporations as customers, investors, and strategic partners. For example, Lawal's partnerships with oil industry giants such as Conoco are critical to his ability to grow his \$1.5 billion company. My own company provides yet another example. Our partnership with Clear Channel Communications to produce and distribute the *Black Enterprise Magazine's Keys To A Better Life* daily radio segments for stations across the country allows us to tap into a new revenue stream, as well as new audiences, for our magazine and media offerings. Simply put, the view of black entrepreneurship as being worlds apart from mainstream corporate America is no longer tenable, if it ever was. To grow businesses of scale, black entrepreneurs must develop intimate and intricate relationships with decision makers at the corporations impacting their industries. This is why the Black Enterprise Entrepreneurs Conference, hosted by General Motors, is designed to bring black entrepreneurs together with the key decision makers of corporate America.



PUBLISHER GRAVES
CHATS WITH LAWAL,
CEO OF CAMAC
INTERNATIONAL,
ONE OF TWO
BE INDUSTRIAL/
SERVICE COMPANIES
WITH MORE THAN
\$1 BILLION
IN REVENUES.

The black entrepreneurial success model of the future will also continue to reward those who build performance-driven networks, expansive and interconnected businesses, and political relationships driven by the ability to anticipate and consistently meet the needs and business objectives of others. RLJ's Johnson has achieved mastery in this area, having established relationships with everyone from Shaquille O'Neal and Jay-Z to former FCC Chairman William Kennard, now managing director of the Carlyle Group, and cable industry powerbroker John Malone. Once upon a time, black entrepreneurs could operate in isolation, with a single-minded focus on squeezing profits from their small corner of the marketplace. That kind of isolation is no longer an option and is usually a precursor to elimination.

Another theme key to the future of black business is the emergence of the serial entrepreneur—business visionaries willing and able to apply and adapt their business models across a variety of industries. That means not just starting and maintaining one successful operation, but parlaying that success into new ventures with larger growth and profit potential.

In Johnson's case, he's parlayed the wealth he gained as a result of launching, building, and ultimately selling BET into sports franchise ownership and the lodging industry. Both Johnson and Lawal have made the financial services industry the target of their next conquests—both recently purchased banks.

Tapping professionally trained, visionary management talent will be critical to our ability to create more billion-dollar businesses. Enterprises driven by the energy and vision of a single founding entrepreneur will always be a part of the lore of an America that celebrates rugged individualism. CEOs like Wright, Lawal, Johnson, and World Wide Technology CEO David Steward, however, understand that to build businesses of scale requires more than a driven entrepreneur. It requires a trusted, capable team of executives capable of managing a company with operations across the country and around the world, with businesses in a variety of industries. Now, more than ever, the future of black business requires entrepreneurs capable of building and leading great teams.

Let's be clear: building black-owned companies is about more than creating more black billionaires. According to Thomas D. Boston, a member of the BE Board of Economists, one job is created for every \$100,000 in revenues generated by black-owned businesses, and 85% of the jobs created by black companies are filled by black people. That may seem insignificant if you limit your faith in the potential of black entrepreneurship to mom-and-pop operations with only a handful of employees, if any. But if you up the scale to revenues of \$1 billion, that not only means significant wealth for those who have equity in the company, but also 8,500 potential jobs for black communities that continue to cope with disproportionate levels of unemployment.

This is why supporting and building profitable competitive black-owned businesses, principle No. 8 of BE's Declaration of Financial Empowerment, is an indispensable component of creating multi-generational wealth for all African Americans. We are on the threshold of a new era for black business, one that demands that we raise our sights and expectations even higher. Let's claim and embrace the future of black business, with this issue of BE as inspiration and further evidence that there is no objective in the universe that is truly beyond our grasp.



GREG JACKSON IS
CEO OF PRESTIGE
AUTOMOTIVE,
THE FIRST BLACK
AUTO DEALERSHIP
WITH MORE THAN
\$1 BILLION
IN SALES;
WRIGHT HAS
CARVER BANCORP
ON TRACK
TO BECOME THE
FIRST BLACK BANK
WITH MORE THAN
\$1 BILLION IN
ASSETS.

Earl G. Graves, Sr.

B.E. INDUSTRIAL/ SERVICE COMPANIES

FIGHTING TO WIN



This Year	Last Year	Company	Location	Chief Executive	Year Started	Staff	Type Of Business	Sales*
1	1	World Wide Technology Inc.	Maryland Heights, MO	David Steward	1990	950	Reseller of information technology products & services	1,847.000
2	2	CAMAC International Corp.	Houston, TX	Kase L. Lawal	1986	300	Crude oil, gas exploration, production & trading	1,490.000
3	3	Bridgewater Interiors L.L.C.	Detroit, MI	Ronald E. Hall	1998	1100	Car seat and overhead systems manufacturer	815.155
4	4	Act-1 Group	Torrance, CA	Janice Bryant Howroyd	1978	330	Staffing & professional services	718.000
5	6	Philadelphia Coca-Cola Bottling Co.	Philadelphia, PA	J. Bruce Llewellyn	1985	1250	Coca-Cola bottler	540.000
6	8	Barden Cos. Inc.	Detroit, MI	Don H. Barden	1981	4100	Casino gaming & real estate development	519.000
7	8	The Bing Group	Detroit, MI	Dave Bing	1980	1426	Steel processing, steel stamping & full seat assembly	515.188
8	5	Johnson Publishing Co.	Chicago, IL	Linda Johnson Rice	1942	1707	Publishing, TV production & cosmetics	495.746
9	7	Converge Inc.	Peabody, MA	Frank Cavallaro/ Dale LeFebvre	2003	365	Distributor of electronic components & computer products	462.233
10	18	The Peebles Corp.	Coral Gables, FL	R. Donahue Peebles	1994	296	Real estate development & property management	449.658
11	15	MV Transportation Inc.	Fairfield, CA	Jon Monson	1975	9163	Provider of fixed-route mass transit & paratransit services	373.486
12	10	Radio One Inc.**	Lanham, MD	Alfred C. Liggins III	1980	1830	Radio broadcasting & other media businesses	371.134
13	12	RS Information Systems Inc.	McLean, VA	Rodney P. Hunt	1992	1800	Systems engineering & information technology	360.000
14	33	TAG Holdings L.L.C.	Troy, MI	Joseph B. Anderson Jr.	2001	270	Manufacturer of crank shaft dampers & temperature sensors, logistics	340.000
15	16	Global Automotive Alliance L.L.C.	Detroit, MI	William F. Pickard	1998	615	Manufacturer of automotive parts components	338.460
16	13	H. J. Russell & Co.	Atlanta, GA	Michael B. Russell	1952	1871	Construction, real estate development, program management	316.944
17	14	Harpo Inc.	Chicago, IL	Oprah Winfrey	1986	341	Television & film production, publishing and new media/online	290.000
18	-	MIG-Visteon Automotive Systems L.L.C.	La Vergne, TN	Andre L. Gist	2004	185	Tier-1 automotive parts supplier	242.000
19	20	Manna Inc.	Louisville, KY	Ulysses Bridgeman Jr.	1988	6250	Wendy's Old Fashioned Hamburgers & Chili's franchisee	203.200
20	19	The Bartech Group Inc.	Livonia, MI	Jon E. Barfield	1977	3258	Professional staffing, outsourcing services & solutions	198.000

*IN MILLIONS OF DOLLARS TO THE NEAREST THOUSAND. AS OF DEC. 31, 2005. PREPARED BY B.E. RESEARCH. REVIEWED BY THE CERTIFIED PUBLIC ACCOUNTING FIRM EDWARDS & CO.

Black Gold

Kase Lawal's business prowess, along with a spike in oil prices, is fueling CAMAC International's rise to the nation's second-largest black business

By Alan Hughes

KASE L. LAWAL APPROACHES THE PODIUM WITH HIS USUAL serenity. He looks at the crowd of more than 200 well-wishers who traveled from all over the country—and across the globe—to pay tribute to his company, on its 20th anniversary.

It's a lively affair. Houston's Kuumba House Dance Theatre entertains the crowd. Thunderous drums and syncopated chants fill the ballroom as the group performs a variety of South, West, and East African songs and dances in traditional festive garb. As the room grows silent, Lawal begins his tale of growing up in Nigeria, migrating to America to pursue an education, and eventually launching an oil drilling and exploration company.

Not to be mistaken for a reckless wild-catter, Lawal is analytical and explores all options before committing to a business strategy or resources. Even in conversation, he pauses guardedly before responding to questions. He carefully weighs each word, communicating with precision and economy when conveying his message.

Lawal continues with an anecdote about CAMAC's early days, when he flew around the world to secure financing and land the deals needed to grow his company. His oldest son, Kase Jr., was in nursery school at the time, and the class was asked to discuss what their parents did for a living. "Several students raised their hands and yelled 'fireman, policeman, teacher, nurse, lawyer, and real estate agent,'" recalls Lawal. Then the teacher asked the younger Lawal about his father's occupation. "It was then that Kase, who frequently saw me off at the airport for business trips and who also had the occasion to travel at an early age said, 'He works at the airport and passes out peanuts.'"

Jokes aside, this enterprising CEO has good reason to celebrate. He has taken CAMAC (No. 2 on the **BE INDUSTRIAL/SERVICE 100** list with \$1.5 billion in sales) from humble beginnings to an oil and gas exploration and production giant that trades crude oil and natural gas in Africa and Europe as well as wholesale electric power in the United States. CAMAC affiliates own or lease oil and gas reserves on and offshore in West Africa and Colombia. Deals are in place to enter oil-rich Venezuela.

With the price of oil reaching a record-high \$75 a barrel, CAMAC is positioned to meet or exceed the 51% revenue growth it achieved for 2005. But that's not the only thing driving Lawal. Determined to economically empower African Americans, his company has entered the financial arena. Through the recent acquisition of a controlling stake in the only black-owned bank in Texas, Lawal plans to offer community members greater access to capital. He's also considering a private equity fund to invest in minority-owned businesses as he expands his oil drilling operations into new regions. Due to Lawal's visionary zeal and the expansion of his business and financial empire, **BLACK ENTERPRISE** has named CAMAC International our 2006 Company of the Year.



RISING OIL PRICES KEEP LAWAL'S COMPANY IN THE BLACK.



LAWAL DISCUSSES STRATEGY WITH HIS BOARD OF DIRECTORS.

HOT TEXAS TEA

The oil industry is in the midst of one of the largest booms ever. As the world grows more industrialized, the demand for—and price of—oil continues to climb. “The oil industry itself is in great shape,” says Jim Ritterbusch, president of Ritterbusch & Associates, a provider of industry research. “You’re looking at prices that are within reach of record-high levels right now. To the extent that those lofty share prices reflect the health of the oil industry, you just have to say that it’s in really, really good shape, possibly better shape than it’s ever been.”

That’s not to say that higher prices are equivalent to bigger profits. The industry is a cyclical one. The cost of finding oil rises and falls in tandem with that cycle. While the price of crude oil has risen about 30% over the last year, Lawal maintains that the cost of extracting the precious liquid has escalated more than 100%. For instance, he cites a lease CAMAC signed in December for a semisubmersible rig that can drill as deep as 12,000 feet to the seabed. The cost to CAMAC: \$320,000 per day. “That rig came off of contract in October last year at \$127,000 a day,” he recounts. “Suppliers are in that cycle now where they can make all the money they can because they know if oil goes down to \$15, they’re going to market those same rigs for \$70,000.”

Oil drilling is a risky business; it costs a lot to drill an exploratory well. To defray those costs, Lawal partners with some of the oil and gas goliaths. CAMAC obtains the drilling rights and, at the same time, gains access to the deep pockets of industry leaders, such as Conoco and Chevron. Under the terms of the agreements, the partners split the profits. “So we can go into a partnership where we own the actual field and we’ll share in the profit, but they put up the up-front capital to actually go in and drill the exploratory well. In some cases, we hedge our risks by partnering and doing it that way,” says Willard Jackson, one of the directors on CAMAC’s board.

COMING TO AMERICA

One could say that Lawal is representative of the immigrant

success story. Born in 1954 in Ibadan, Nigeria, the entrepreneur was raised in what he calls a large, traditional, devoutly Muslim family. His father was a politician and his mother was a textile trader. As a young man, Lawal had dreams of coming to the United States, though he had no idea he’d become an entrepreneur. “Coming to the United States has always been something that youth during our period grew up with, which is the influence of the Western education—the movies, the television,” he recalls. Even in his late teens, Lawal exhibited the discipline needed to become a successful businessman. He read everything he could about the United States and how he could get accepted into an American college. “He obviously had to be a risk taker to be the first person in his family to pack up and leave Nigeria and come to the United States with not much more than the clothes on his back,” says Texas State Sen. Rodney Ellis. “That was a big move, a bold move. He was willing to take the plunge.”

After doing his research, Lawal moved to Georgia in 1971 and attend Fort Valley State College, a historically black institution known for its biology and chemistry departments. It was a turbulent time to start a life in this country. The black liberation movement was raging, and the United States was still embroiled in the Vietnam War. Lawal later transferred to Texas Southern University, where he graduated with a bachelor’s degree in chemical engineering. Upon graduation, he went to work for Shell Oil as a chemical engineer at the Deer Park Refinery. “Of course, I didn’t want to be wearing the hard hat. I decided I wanted to go for my business degree so I could wear suits. I knew I had to go back for further education in business, thus I enrolled, and Shell paid for my M.B.A. program,” says Lawal, who earned his M.B.A. in finance and marketing from Prairie View A&M University in Texas.

A few years later, in 1977, Lawal landed a job as a research chemist at Dresser Industries, which is now Halliburton. Over the next decade, he would hold several positions within the oil and finance industries, including executive positions at Suncrest Investment Corp. and Baker Investments.



CAMAC'S OFFSHORE OPERATIONS INCLUDE NIGERIA AND SOUTH AMERICA.

CAMAC International Inc.
Kase L. Lawal, Chairman and CEO
Houston, TX

STRIKING IT RICH

While still in finance, Lawal learned of a business opportunity that would change the course of his life: a new venture with a group of entrepreneurs from Cameroon, the nation that borders Nigeria to the south and east. "They were setting up this tobacco and cigarette manufacturing plant, and they gave us the opportunity to do the procurement of the tobacco for them from the United States," he says. Cameroon-American Corp. was formed in 1986 to purchase tobacco from the U.S. and sell it to the Cameroonian cigarette manufacturer, who in turn sold the cigarettes throughout the Middle East. Eventually, the company would be known by the acronym CAMAC. Lawal, his wife, and children would come to own 80% of the entity, and the remainder was divvied up among Lawal's brothers and sisters.

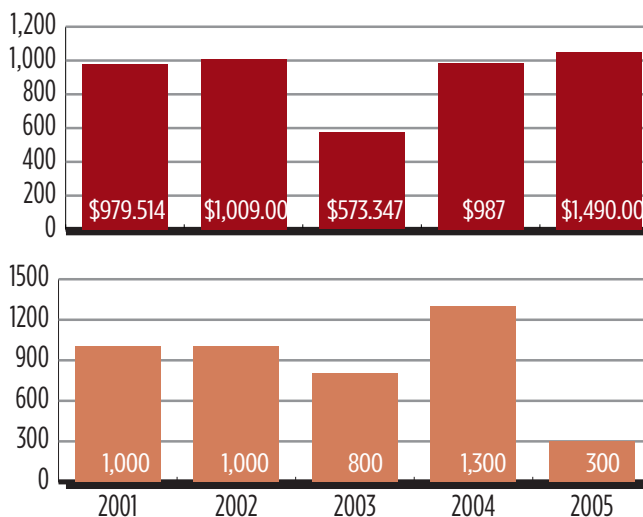
In 1989, CAMAC moved into the oil business upon the urging of Rilwanu Lukman, a foreign minister for Nigeria and later secretary general of OPEC. Through his connections, Lawal, who holds joint U.S.-Nigerian citizenship, secured exploration rights in Nigeria. In 1991, he began production in partnership with Houston-based oil giant Conoco, which provided the financing for oil exploration. That alliance reportedly produced more than 20,000 barrels of oil per day. CAMAC would go on to form several such partnerships over the years.

CAMAC was able to achieve significant revenue growth through the integration of "upstream services" like the exploration and drilling of oil and gas and "downstream services" such as the trading and refining of products. As a result, CAMAC's revenues grew from \$114.3 million in 1999 to \$979.5 million in 2001, earning the top spot on the 2002 BE INDUSTRIAL/SERVICE 100 list.

In 2003, the company split its operations: Lawal's firm is an American company that manages a range of international oil exploration and production ventures, while other members of his family control a separate incorporated offshore entity in which Lawal doesn't hold any equity interest.

Today, analysts are waxing positive on CAMAC, a hot

SALES* STAFF FOUNDED 1986



* IN MILLIONS OF DOLLARS, TO NEAREST THOUSAND. PREPARED BY B.E. RESEARCH

company in an even hotter industry. "Getting into the oil business, at least in the production and exploration sectors that CAMAC has managed to work its way into, requires a huge amount of capitalization, and they've done a good job at raising and growing that capital," says Ritterbusch. "It looks like a good, solid, growing company. It's very impressive."

Much of CAMAC's success would not be possible if not for Lawal's political acumen. Securing drilling rights requires an intimate knowledge of the local political and regulatory landscape and the ability to successfully maneuver through it, avoiding the pitfalls. Knowing the decision makers is critical to his business success. "He's developed relationships not only in this country but in other parts of the world," says Lee P. Brown, the former



LAWAL TAKES PART IN MANY CHARITABLE EVENTS SUCH AS THE 2005 HP HOUSTON MARATHON. CELEBRATING CAMAC'S 20TH ANNIVERSARY: ALHAJI MURI BUSARI OF NIGERIA; LAWAL; HOUSTON CITY COUNCILMEMBER RONALD C. GREEN; AND ALHAJI YAYALI AHMED, HEAD OF GOVERNMENT SERVICE FOR NIGERIA.

mayor of Houston who serves on CAMAC's board of directors. "He's someone who can drive up to the president of Nigeria's gate, they look in the back to see who he is, and the gates open up like he's at home. We went with him to Namibia, and he calls the president and the prime minister and they all rearrange their schedules to meet with him. You get an audience with the president because of him."

Over the years, Lawal has earned a slew of high-level appointments. In June 1999, he was appointed by the city of Houston to serve as a commissioner on the Port of Houston Authority Board, helping manage the country's largest foreign tonnage seaport and the sixth largest port in the world. In that role, he helped establish the port's Small Business Development Program to award contracts to Houston-area businesses. In September 2001, Lawal was appointed by Brown to serve on the board of directors for the Houston Airport System Development Corp., where he helps establish partnerships with airport systems throughout the world.

THE PUSH FOR ECONOMIC EMPOWERMENT

While oil may be one of Lawal's passions, it's not the only one. He was always interested in finance and in his younger days considered acquiring a thrift institution. He got the opportunity in July 2005, when CAMAC acquired a controlling interest in Unity National Bank, the only black-owned federally chartered bank in Texas. Financial terms of the deal, which closed early this year, weren't disclosed. Lawal intends to use the bank, which has two locations in Texas and \$55.77 million in total assets, as an instrument of economic development for African Americans.

Lawal, who serves as Unity's vice chairman, plans to develop a financial services firm that can provide loans to black entrepreneurs as well as offer a bevy of financial products such as insurance, asset management, investment advisory services, and securities brokerage. "It wasn't really for profit, because it takes time to make money in banking. I can drill more wells, and hopeful-

ly I can hit one to make more money than being in the heavily regulated industry that is banking," he says.

While oil and gas exploration and production will always be the bedrock of CAMAC's operations, Lawal and his board members believe financial services will rapidly become an integral part of the organization. "He understands that in the African American community, the economic element is extremely important to everything we do. Politics is important, obviously, but so is economics," says Brown. "So if you have an institution such as a bank that can serve the community, that's a major contribution."

DRILLING FOR NEW OPPORTUNITIES

Every business has its set of challenges, and CAMAC is no exception. Early in the company's history, money was tight. After all, it can cost up to \$20 million to drill an offshore well. If it comes up dry, that's an expensive write-off. Today, the challenges involve human resources. Lawal says too few African Americans are interested in engineering, geological sciences, and petroleum economics or career opportunities within the energy sector. To that end, he established a \$1 million endowment at Texas Southern University's Jesse H. Jones School of Business for the Kase and Eileen Lawal Center for International Business Development. "The problem is the skills management—those that will manage and grow the business and will look at a program from an entrepreneurial point of view," says Lawal. "Those are the kind of people who need to evolve. We need to train those people; they need to be mentored."

When Lawal's father allowed him to come to the United States in the early '70s, it was under three conditions. One, he wasn't allowed to move to a big city. Not a problem since Lawal had his heart set on suburban Atlanta. Two, he had to study medicine or engineering. He majored in the latter. The final condition was that he would return to Nigeria for good upon graduation. While Lawal hasn't quite gotten around to that pledge, odds are his father wouldn't complain. **BE**

-Additional reporting by Tennille M. Robinson

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