

Driving Change

An Interview with Mark E. Watson III, Founding Partner, Aquila Capital Partners

EDITORS' NOTE *Mark Watson most recently served as Chief Executive Officer of Argo Group. He first invested in Argo's predecessor company, Argonaut Group, in 1998. He joined the board of directors in 1999 and served as CEO from 2000 through 2019. Prior to joining Argonaut, he was one of two founding partners of Aquila Capital Partners, a Texas-based venture capital firm focused on technology and life sciences companies. Before founding Aquila, Watson was executive vice president and member of the board of directors of Titan Holding Inc., a NYSE-listed property and casualty insurance group, from 1992 until its acquisition in 1997 by USF&G Corporation. From 1989 to 1991, he was an associate attorney with Kroll & Tract, a New York law firm focusing on international financial services clientele. Watson graduated with a BBA from Southern Methodist University and a JD from the University of Texas School of Law.*



Mark E. Watson III

COMPANY BRIEF *Launched in the 1990's by Mark E. Watson III, Aquila Capital Partners (aquilavc.com) backs talented entrepreneurs creating transformational companies. It provides financial and intellectual capital, taking a collaborative approach to building businesses that will shape the world for generations to come.*

The world is fighting a public health crisis that is impacting all countries and their citizens. The pandemic is being fought on the front lines by healthcare workers, first responders, those providing supplies and meals, transportation workers and all other essential workers. What do you say to these true leaders and heroes that are risking their lives to protect others?

We are very grateful for their hard work and incredible sacrifice under the most difficult, unprecedented and frightening circumstances. They are heroes and should be recognized as such. As someone who has been around many who have had the virus and are living with longer-term consequences, the reality that millions of workers show up each day knowing they could get sick is a testament to their bravery and humanity. This highlights two important points: First, this virus is here, real, and not going away. We need to think of COVID-19 as a challenge that requires long-term planning, and far better tools to attack

it then have currently been deployed. This must be a shared, collaborative process between the healthcare sector, government and the business community – the public and private sectors alike. Investors should look at funding solutions to these problems, with a plan that is free of politics.

Second, rebuilding means seizing a chance not to just go back to last January, but a chance to improve health, fiscal, social and economic conditions. This includes a rethink on which businesses are essential themselves – and

who comes first in our economy. One unfortunate consequence has been Washington bailing out major corporations and the already rich and connected. Small businesses are essential and the backbone of our economy. They should be treated as such.

There is a great deal of discussion about businesses reopening in a “new normal.” What is your outlook for what this new normal may look like?

For many families across America, starting school this fall was not so different from ending school last spring; the days will consist of working from home, while overseeing at-home learning and attempting to stagger work and school schedules. Wherever you are in our country right now, families are dealing with the reality of a new normal in 2020.

What does this mean for work in the long run?

Personally, I'm wrestling with how our current standards of productivity are contributing to remote work fatigue. The reality is that many of the changes taking place around where and how we work were already percolating – the pandemic was simply an accelerant. With a combination of rising costs, new technologies, increased demand for flexibility and a desire for companies to have a broader hiring pool without geographic limitations, the dominoes for a shift toward remote work were all lined up. COVID-19 just gave it the final push. What I'm looking at over the next year is which habits stay and become routine, and which tech investments will present themselves that can help erase work-from-home burdens and increase productivity, as well as retention of the best talent.

You are focusing your efforts on your philanthropic work. Will you discuss these efforts and the areas that you are engaged in?

My family has always given philanthropically. We have donated resources and volunteered together for organizations where we live. These have included nonprofits supporting at-risk women and kids, as well as cultural institutions. This past year, we've decided as a family to launch a foundation so that we can diversify how we give and support more nonprofits which need help more than ever in this economy. We are broadening our giving to include organizations such as Win, formerly Women in Need, in New York. They are the largest organization providing shelter and support services for homeless families in New York, and our first gift has gone towards supporting after-school programs.

You lead Aquila Capital Partners. What was your vision for creating Aquila Capital Partners and how do you focus your investments?

Aquila creates and builds. We are focused on investing in rapidly growing businesses by providing financial and intellectual capital.

You spent your career as a leader in the insurance industry. What made the industry so special for you?

I have enjoyed the opportunities that I've had through my whole career to work with business owners to mitigate risk in whatever form that may come. We shook up traditional models and turned a regional, struggling company into a publicly traded global presence with a seven-figure annual revenue. But now the industry must change and pursue a new model that addresses nontraditional risks, from pandemics to business interruption to climate change and other perils. The industry has to broaden its focus, become more future-facing and shake the dust off. In short, risks are changing but the industry is not changing with them. One way to change: CEOs need to be more supportive of young leaders in the industry and meaningfully invest in this next generation of product developers. We can't stagnate.

During this difficult and uncertain time, what would you say to young people across the country who are deeply concerned and uncertain about the future?

My generation is a bridge. The younger generation who wants structural change so badly, though, needs to stay off the sidelines. Realize that you can create structural change in any space, including the office. But put down your signs and your phone. That will not lead to the sustainable structurally changed future that you want. You can't hashtag your way to the future. ●