

The Benevolent Model

An Interview with Brett M. Johnson, Co-Founder and Chief Executive Officer,
and Grant D. Johnson, Co-Founder and President, Benevolent Capital

EDITORS' NOTE In 2005, Brett Johnson co-founded Benevolent Capital. He was a member of the Board of Trustees for Choate Rosemary Hall and a Senior Fellow in Entrepreneurship and a member of the Board of Visitors for the Graziadio School of Business at Pepperdine University, as well as an active member of the Young Presidents' Organization. He earned a bachelor's degree from Brown University and an MBA from the Presidential/Key Executive program at Pepperdine University. In 2014, he graduated from the Harvard Business School's President's Leadership Program.

As Co-Founder of Benevolent Capital, Grant Johnson leads the private equity and venture capital portfolio. In addition, he serves on the boards of four fast-growing and dynamic companies: Boost Up Profits, Coco Safar, Bingeable, and NYC Office Suites. He is an active member of the Young Presidents' Organization. He is a graduate of Brown University and is currently enrolled in the President's Leadership Program at Harvard Business School.

FIRM BRIEF Benevolent Capital (*benevolentcapital.com*) was founded in 2005 by Brett and Grant Johnson as a family office, and its platform has grown to include an experienced group of partners, executives and investors. The Benevolent portfolio continues to expand with investments in early-stage companies, many that have increased in their respective valuations since the investment, along with real estate development and professional soccer franchises. Benevolent Capital redefines the art of partnership between investing and investors. As General Partners, the firm invests in every portfolio company and never takes a management fee from its LPs. Additionally, until or unless the investment earns 100 percent preferred return (2x on invested capital), Benevolent does not take a promote – meaning it only succeeds when its investors succeed. Before creating the family office, most of the current team of professionals at Benevolent were chief operating executives at both private and public companies having over \$500 million in annual revenues. Benevolent has a proven track record of successful investments that have led to returns actually realized.

Will you discuss your career journeys and what led to the creation of Benevolent Capital?

Brett: As identical twins, Grant and I went to all the same schools. We played a lot of



Brett M. Johnson



Grant D. Johnson

the same sports. We grew up in New York City and then ultimately went to Choate boarding school in Connecticut and attended Brown University in Rhode Island. After we graduated from college, we both moved to San Francisco where I spent two years doing private equity work, acquiring media assets for a company called InterMedia Partners with Leo Hindery, which was an incredible two-year apprenticeship in private equity. Grant ended up working on the institutional sales desk at Montgomery Securities which at the time was one of the preeminent firms on the West Coast. Grant spent an incredible amount of time taking companies public and really honing his capital-raising capabilities and his eye for good investment opportunities.

I ultimately joined a fast-growing computer accessory company called Targus that an entrepreneur in England invented at the time. It was the world's first portable computer carrying case. IBM had come out with the portable computer and this entrepreneur realized that people were going to need something to carry these new devices in, so Targus became the worldwide market leader in that space. My big break came when at a fairly young age I was sent to London to run all the international business which I did for five years before I was brought back to Southern California to run the entire company, which I did for the next five years before we sold it. My time in London running the international business allowed me to travel all over the world and one thing I recognized was the power of the sport of soccer. If you look at Grant and my holdings today across Benevolent Capital, we have a substantial amount of capital invested in professional soccer teams starting with Phoenix Rising in the United Soccer League here in the United States. We helped to lead the acquisition and put the ownership group together and the management team for a Premier League team called Ipswich Town Football Club. When we bought the team, it was in League One, and it has seen incredible success with back-to-back promotions, restoring Ipswich to the Premier League. Today, my time and attention

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is focused on a very interesting project in the state of Rhode Island. We own the rights to professional soccer and launched a team called Rhode Island Football Club which plays in the United Soccer League which is the level right below Major League Soccer. We are four and a half months away from opening a \$140 million state-of-the-art, world class soccer specific stadium in Rhode Island. We also own the rights to develop all of the real estate around the stadium.

Grant: Our vision for creating Benevolent Capital was to try and disrupt the private equity and venture model where the typical funds that people are allowed to invest in charge outrageous annual fees, typically 2 percent a year at least. We decided as part of our Benevolent name and focus to get rid of management fees, so we charge zero management fees. That's hugely disruptive and we've been told by our investors that one of the things they really appreciate is that our interests are fully aligned with their interests. The Benevolent model is that if we can't deliver a double on the investment, then we don't make a nickel. We believe that if we are not able to double the investor's money, we don't deserve to get paid because we're not looking just to deliver a double – we're looking for 5 to 10 times or greater on each of our portfolio investments. This is what we call the Benevolent model: zero management fees and the investors get the first double, and then after the double, it's a 70/30 split, with 70 percent to the investors and 30 percent to us. We like to say that we do well, but only after our investors have done really well.

What are the key characteristics you look for when evaluating an investment opportunity?

Grant: We invest in things that we're deeply, passionately in love with, so that's the starting point. If we're not in love with the investment, it's an easy pass. As I always say, if it's not a hell yes, it's a hell no. We will tell our investors that if they don't love the investment, whether it's Oura Ring, Athletic Brewing or FlyHouse, for example, then please pass. We believe in the power of word-of-mouth, in that there's nothing more powerful than when a friend tells you that you should go check out a certain movie or you should go read a specific book or buy a certain product. That's why we believe that word of mouth is arguably the most powerful force in the world. So, our portfolio, very simply, is a word-of-mouth portfolio. Having said that, there has to be a consumer element to what we're investing in, where someone can go and get an Oura Ring, or someone can sign up to charter a plane on FlyHouse, or someone can go and buy a non-alcoholic beer at Athletic Brewing.

I would add that one of the things for us is that we really subscribe to the book by Dan Sullivan called, *Who Not How*, and that at the end of the day, everyone that we invest with, we tell them to live and breathe this book as basically their guidepost or foundational model. We like to say, don't come to us asking how are we going to do something; come to



Brett and Grant Johnson celebrating with the English Football Championship League Cup awarded to Ipswich Town Football Club as a result of the Club's promotion back to the Premier League in May 2024

us and say, who do you know that can help us do something? At the end of the day, no matter what company we invest in, ultimately it's the people behind the company that make all the difference.

Did you know that you had an entrepreneurial spirit and desire to build your own business?

Brett: Grant and I are effectively the offspring of two entrepreneurs, as both our mother and father have created several companies. We grew up in a house where we were very much versed in the entrepreneurial journey of taking risks and finding opportunities, so it certainly feels as if it is part of our DNA.

Grant: As Brett mentioned, we were fortunate that we grew up in a very entrepreneurial family and household where you were encouraged to take risks. I think this was a factor in our decision to attend Brown University which is a very entrepreneurial school where you literally can choose whatever major you want to pursue.

What has made the working relationship between the two of you work so well?

Grant: I think there's a few dynamics. While we are identical twins – we're five minutes apart – from a personality perspective,

we're actually quite different. I have much more of my father's personality and characteristics and salesmanship, whereas Brett has more of our mom's diplomacy. She was a former US Ambassador to Jamaica by background, and she's friends with absolutely everybody that's ever been in her life since childhood. So, I actually joke that I have a handful of very close friends, but because Brett's my twin brother, I also have hundreds of other friends because of him. I think that what makes our styles work so well is actually that we complement one another rather than having exactly the same type of skill sets and capabilities.

Brett runs our professional sports business and the real estate around those sports teams, whereas I run the private equity and the venture capital portfolio, so we each have what we would call our own sandbox. This doesn't mean that we don't help each other out, but he's the captain of his sandbox, so to speak, and I'm the captain of mine.

As brothers working together, how hard is it to turn off the business?

Brett: I feel so blessed with the relationship that Grant and I have with each other and the way we complement one another. We really enjoy the journey – the entrepreneur journey that we're on together. It is not for the faint of heart. I feel like every entrepreneur has to go through an arc where they really get tested and their backs are against the wall, and you start to question your sanity. If you are able to be resilient and persevere to get through that, the universe starts to reward you. I feel like Grant and I are starting to see the fruits of that, and it is special to be able to experience this success with your brother.

I think both Grant and I define ourselves first and foremost as husbands and fathers. This was ingrained in us through our father. While we certainly work hard and we both travel a fair bit, our first focus and first dedication will always go back to our family.

What advice do you offer to young people beginning their careers?

Grant: One of the things I say to young people is to try and hopefully figure out what you really want to do with your life, and what brings you value and meaning. Sometimes in order to get to that point, you actually have to figure out first what you really don't want to do. The other thing I would say is try and find a mentor early on, because there's nothing quite like having the value of someone's experience that's been there and done it, and who can teach you something that saves you a lot of time from their own lessons learned.

Brett: I believe in terms of advice to people starting out their careers, you have to try to pursue ways to get outside of your comfort zone. I think that's part of a career arc. You have to pay your dues in a career. I think you have to be in jobs that you find incredibly difficult and demanding. I think you have to have certain assignments that, as I said, get you out of your comfort zone. I can think of countless times in my career when I didn't want to do something, but I did anyway, and it helped build character and resilience. ●