

Kevin Cumming's Exemplary Journey

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By TBHF Scholar Alumni Association



2019 TBHF Scholar Alumni of the Year Award

Name: Kevin Cumming

Scholarship Year: 2007

Professional Background: Partner, Juniper Capital Advisers; Co-Founder Expedition Water Solutions; previously, more than 10 years in corporate finance roles in the energy and investment banking sectors

Education: University of Texas at Austin – Bachelor of Business Administration (BBA); Rice University – Master of Business Administration

Kevin Cumming wasn't born into entrepreneurship. His parents were middle class employees who worked for the state government in Austin. Their concept of success was shaped by the Depression-era advice their parents imparted to them... join a big organization, work hard to work your way up the "corporate" (or government) ladder, and have a good pension at the end of your career.

This was the example they set for Kevin.

"I didn't get any entrepreneurial yearnings from my upbringing," says the man who, at 42, has co-founded a \$100 million oilfield services company and, as a partner at Juniper Capital Advisers, has helped the firm create 15 new

private companies (portfolio investments). "I credit my parents for passing along a lot of great characteristics and attributes, but an 'entrepreneurial itch' wasn't one of them!"

Below, the inaugural TBHF Scholar Alumni Award recipient shares some of the lessons he has learned during his journey.

Know thyself: The thirteen years (2000-2013) between my college graduation from UT until I co-founded Expedition Water Solutions were very important for me to discover and learn about myself, develop skillsets that I still use today, gain industry knowledge, and build a network of industry professionals.

I had a lot of positive experiences over these years which helped propel me forward and upward, but I also had a number of negative experiences that taught me a lot about myself. For example, I learned that I don't like high pressure sales jobs, that I don't fit well in big companies where people can get 'siloed' into specific tasks, and I learned a lot about the types of people with whom I do and do not work well!

I needed 'seasoning' in order to grow into the man and the businessperson that I am today, and I'm grateful for all of the experiences, both positive and negative, that I've had along the way ... If I had set out to be an entrepreneur right out of college, I would have been ill-prepared.

The road to entrepreneurship. A tipping point: About ten years into my career, I started to observe that entrepreneurs were experiencing a lot of personal fulfillment and a lot of positive financial outcomes, and I started to get that 'itch.'

While working for both White Deer Energy (an oilfield services-focused private equity firm based in Houston) and Select Energy Services (now a publicly-listed oilfield services company that is headquartered in Houston) from 2010-2013, I noticed a lot of the oilfield entrepreneurs were folks that really didn't have much in the way of a formal education, but they had good business sense. Seeing these entrepreneurs succeed really gave me the courage to step out and try it myself.

Kevin co-founded Expedition Water Solutions in 2013 after recognizing the need for additional oilfield wastewater disposal capacity in the DJ Basin of northeastern Colorado. From a standing start in 2013, the company has grown to more than 100 employees who manage 14 disposal wells and 16 million barrels of evaporation pond capacity, and a valuation of approximately \$100 million.

An affinity for small companies: I enjoy working in smaller organizations where I:

- get to wear a lot of different hats,
- have a lot of diversity in my day and working life,
- have a lot of flexibility and autonomy to set my own schedule and daily priorities, and
- can see the impact of my contribution to the organization.

The last point is especially important to me, and whether it was with Expedition Water Solutions or today with Juniper Capital, I can more easily measure the impact of my contribution.

For example, with a number of our investments, I know that *'I brought this team to our firm, I championed this deal internally, we invested in this project, I sat on the Board and monitored it, and I assisted in the realization/exit of this investment.'*

I know what we made for our investors and ourselves. It was 'X-amount' of money. It's much easier to quantify my contribution and it's very rewarding.

A quest for knowledge: I love learning new things, pushing boundaries and trying new stuff. It keeps things interesting – whether it's work-related or on my personal time. I still try to make time to learn outside of work.

For example, I recently took a 'continuing education class' Rice University on 'Archaeology of the Americas.' It was fascinating!

If I could go to school full time and make a living doing that, I would. But in summary, I don't want to do the same thing day after day on repetition... I want to have variety and diversity in my day.

If somebody said, 'Hey Kevin, we're going to pay you a whole lot more money than you make right now to do this one thing over and over again' – I wouldn't be interested. It wouldn't make sense for me.

In 2014, Kevin returned to Juniper Capital with the title of "Partner" as the organization transitioned from a family office that "passed the hat" among friends and family for various investments, to a more traditional private equity firm that raised money from institutional investors and deployed that capital into middle-market private oil and gas companies. In this second tour with Juniper Capital, he is involved with the management of the firm as well as the origination, oversight, and eventual realization of the investments it makes.

Regarding private equity's role in the marketplace: Private equity is taking a larger role in many industries as it becomes more difficult and onerous to be a public company. There are so many regulations and so many reporting requirements to which public companies must adhere.

It's just easier to be a private company, and a lot of high-quality management teams don't want to deal with the hassle, not to mention the potential personal liability, that comes with running a public company. They'd rather run a private, nimble company where there may also

be more opportunities to share in the fruits of their labor.

When Kevin founded Expedition Water Solutions, he sought out private equity investment for his startup. Today, he sits on the other side of that table – extending funds to upstream oil and gas entrepreneurs who want to acquire acreage and drill and operate wells in the Lower 48.

Make sure your partners bring more to the table than money: When considering taking money from an investment firm to start your business, most people are primarily concerned with the amount of money committed to the project, and the sharing of the economics.

Both of those things are very important... you need to make sure that you've got enough capital to execute on your plan, and you need to make sure that you'll be able to share in the fruits of your labor. But all else being equal – and most private equity firms will usually be in the same ballpark on economic sharing – entrepreneurs need to really consider 'What does this investor bring to the table besides cash... how can they help me maximize the value of this new company we're creating?'

And that's how we try to set ourselves apart at Juniper Capital. We really think of ourselves as the 'financial partner' to the entrepreneurs. We work hard to bring not only the capital needed to execute on the project but also industry connections to help the entrepreneur improve operations, access to other sources of capital if and when the project exceeds our original commitment, and the financial savvy to maximize the value of the investment when it's time to exit (which benefits everybody).

In my effort to be a good business partner, I bring to the table all the experiences that I've had in my career. The fact that I was once on the operating team side of the table is really helpful as well. When we have a new operating team come in to pitch a deal to us, it's really helpful that I can share with them my experiences when I was in their shoes.

Unlike other firms, we aren't just a bunch of guys who have come out of investment banking. I can quite honestly tell them, 'Hey guys, I've been on the operating side before, and when I was on your side of the table, these are the things I had to think about.' I think that helps our operating partners see us as more than 'just the money guys.'

Team is everything. When thinking about what makes a good investment, the "team" (our operating partners) is often just as important, if not more important, than the quality of the assets.

A good team is going to do a good job with good assets. A good team might even be able to take lower quality assets and make the most of them so that you can still make a decent return. But a bad team can really screw up good assets and obviously won't do anything with bad assets.

When thinking about team construction, you want team members with complementary skillsets. You don't want five CFOs. You need to make sure that you have all the skillsets needed to successfully execute.

We look at the composition of our own team that way as well. It's essential that we complement one another, that the team is complete and that we have everything we need.

Part of TBHF's mission is recognizing the exemplary work done by Texans not only in the area of business but also in philanthropy. Kevin is involved in service to underprivileged and underserved Houston youth and the homeless as well as with alumni groups at University of Texas, Rice University and TBHF. On his Facebook page he has posted a quote, "The essence of an admirable life is community before self."

On 'community before self:' Budget to give back – whether that's your time, money for whatever is your cause, or tithing to your church.

I believe that giving back, whether with your time or with your financial resources, should be a joyful experience. It is a joy to be blessed in a way that you can write a check to support a cause in which you believe, or to have the health and wellness to give of your time and your energies.

Have gratitude in your heart that you are in the position to be able to give in those ways.

On his philosophy of life: In general, I just try to be a good person. I try to follow the Golden Rule - to treat others as you would like to be treated, with kindness and respect.

When I mess up and fall short of the standards that I set for myself, I acknowledge that to myself and to the other person that I have disappointed, and I ask for their forgiveness. I try my best to keep an open mind to other perspectives and opinions, and though Houston traffic often gets the better of me, I try to exercise patience and tolerance in stressful situations ... I try to be a good friend to the people with whom I interact regularly, and a good person to all people who I encounter.

A key tenet of his personal business philosophy: It's a smaller world than people realize, and it takes a lot more effort to repair a reputation than it takes to keep one's reputation squeaky clean in the first place.

Favorite fun read: [Aztec by Gary Jennings](#);

Favorite business book: [Sam Walton, Made in America My Story](#)

At the top of his playlist:

- National Public Radio's [Wait Wait...Don't Tell Me](#)
- [Freakonomics Podcast](#)
- [How I Built This with Guy Raz: Kendra Scott](#) (episode/interview with 2019 TBHF Legend)

Guilty/Not-so-guilty pleasure: Kevin is a member of [The Punitentiary](#) – a Facebook group dedicated to being punny [sic].