



The Impact of Unprincipled Management Behavior

Since our founding in 2002, Epor Group has proudly worked alongside 33 firms and countless institutional investors in providing strategic management and operating skill along with the financial engineering necessary to create successful high-growth-oriented companies. In fact, 21 of the companies that Epor has worked with have been recognized by *Inc.* magazine and other publications in the “fast-growing” category. We could not be prouder of what Epor has accomplished on behalf of our partner companies, co-investors, and institutional investors.

We have faced many challenges and barriers as we have executed our mission to create wealth generating technology enabled business services organizations. Likewise, we are equally proud that Epor has never, in our 14 years, had a legal action filed against us, nor have we had to resort to third-party litigation methods to resolve a business dispute, until recently. Unfortunately, in April 2016, Epor Group was left with no other recourse but to file a binding arbitration action against Affiliated Solutions, Inc., (doing business as LitCap), to resolve what, in our opinion, is a very straightforward issue.

Epor and Affiliated Solutions, Inc. (LitCap) signed a Boardwalk Services Agreement in March 2015. Within that agreement’s scope of activities, Epor was to identify, source, contact, nurture and engage in maturing communications to include various levels of interest from the financial community, as potential capital providers to LitCap. In the course of providing these services over a nine-month period, Epor observed numerous illustrations of overt unprofessional, and unprincipled behavior on the part of individual LitCap leaders. Therefore, Epor was left with no choice but to terminate its relationship with LitCap, to comply with our stated values and principles.

Under the terms of the Boardwalk Agreement, distinct “tail period” and success fee payment provisions (valid until May 11, 2017) apply to ~115 potential financial sponsors that Epor introduced to the LitCap opportunity. Unfortunately, following the agreement termination, in spite of numerous good-faith verbal requests and formal written correspondence over a five-month period during which time LitCap was asked to provide the necessary information required to calculate the success fee obligations, LitCap leaders, including Britton J. Holland, President, and Hugh J. Plummer Jr., CEO, in our opinion, chose to virtually ignore all of Epor’s attempts to resolve the matter. Therefore, Epor was left with no choice but to file the arbitration documentation.

An Object Lesson in Integrity, Experience and Leadership:

However, as professional advisors, we feel what is more important is that we share what fellow business leaders might learn from this unnecessary and unfortunate situation.

Zig Ziglar once said, “It is true that integrity alone won’t make you a leader, but without integrity you will never be a successful one.”

To be successful business leaders, we must have integrity while being grounded in a strong set of values and principles. Without these foundational beliefs and behaviors, we have no real identity or compass to guide us.

Good companies become great companies, regardless of the size of the market opportunity, as a result of effective leaders who demonstrate a strong set of values, principles, and established brand equities with every decision we make at every level. A few examples that come to mind from my career include IBM, EdwardJones, First Financial Management (FFMC), and Technology Service Solutions (TSS) among others.

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All of these brands have contributed to Ephor professionals' ability to participate successfully in the development of 21 noted high growth-oriented business models and leadership teams. These leadership attributes are present also among Ephor's most notable clients and/or investments including Intermedix, SmartTime, Perquest, GeBBS, and many others.

Many small business owners and entrepreneurs who achieve only marginal success have handicapped their success by making and acting on decisions based on a leader's ego, overzealous control behaviors, or simply how they “feel” at the time, versus an established set of guiding values and principles, which reflect an undisputable code of integrity. Any approach that is unprincipled and undisciplined leads to inconsistent and inappropriate decisions, or inappropriate leadership behavior, which equals poor leadership, and in most occasions leads to unacceptable and/or inconsistent company performance or many times organizational failure.

In our opinion, the LitCap leadership team failed to act within a set of values and principles, combined with behavior patterns that are well below any “minimum standard of professional behavior” that formed the foundational prerequisites of the many successful organizations noted above. The resulting impact of this unprincipled management behavior is broken commitments, severed relationships, and unnecessary litigation.

A case study and learning lesson for us all.