

A Capital Idea

Bob Francis - October 17, 2005



Louis 'Mac' McLain brings early lessons to his investment duties at Rogers Capital

Louis R. "Mac" McLain III has built his career on some simple lessons he learned at his parents' dining table.

"My father worked with TransAmerica Financial Insurance and, growing up, I would hear him talk about how integrity was a key to dealing with people on a financial level," said McLain, executive vice president and chief investment officer of Rogers Capital Management Inc. (RCM) and managing director of the firm's new Institutional Consulting Group (ICG).

McLain's upbringing also influenced his ability to make friends and talk to strangers.

"We moved around a lot, all in Texas, but I rarely went to the same school for more than two years straight," he said.

As a result, McLain learned to make friends quickly.

"That and going with my father to Rotarian club meetings helped me learn how to meet people," he said.

McLain, 58, came to Fort Worth in 1976 as assistant professor of business administration at Texas Wesleyan, a few years after developing an interest in teaching while working at Republic National Bank of Dallas. McLain had graduated from Southern Methodist University in 1969 with a BBA in finance and immediately landed a job in the credit analysis department at Republic National.

"One of the senior officers taught at the Southwestern Graduate School of Banking at SMU and asked me to teach a class for him on term lending," McLain recalled. "I did it, and by the end of the night I had caught the teaching bug."

Even though he loved teaching, he was not sure it would last.

"When I secured a spot at Texas Wesleyan, I made sure the people at Republic Bank would have me back if it didn't work out," he said. "I was 27 or 28 years old and I had a family, so I had to have something in case this didn't work out," he said.

It worked out well, with McLain eventually becoming associate professor of business administration, director of development, dean of the school of business and, finally, Texas Wesleyan's chief investment officer. While advising the university on its investments, McLain utilized the same investment principles that he now uses in his job with the Rogers Companies.

Dale Rogers, founder of the Rogers Companies, said that McLain was a perfect fit for his firm's investment philosophy.

"I was studying and using investment principles, called the Multifactor Risk Model, created by Dr. Eugene Fama of the University of Chicago and Dr. Kenneth French at Dartmouth College," Rogers said. "The model allows us to balance portfolios in a way that has never been possible before, allowing us to allocate assets to lower risk and enhance return. Mac has taught, researched and used the theories of Fama and French at Texas Wesleyan. And while Fama and French are located in other parts of the country, here was Mac right here in our backyard. The first thing I said to him when I met him was, 'We've got to talk.'"

Talk they did, with the result that McLain became an advisor to the Rogers Companies prior to retiring from Texas Wesleyan and joining the firm full time last spring.

At Wesleyan, McLain often proved the models worked – not only when he was the school's chief investment officer, but also when he taught an investment course that allowed students to manage about \$500,000 of the university's endowment of more than \$40 million.

"Mac always had a grin on his face when he would come to board meetings and tell how the students had beaten the professional money managers," said Dr. Harold Jeffcoat, president of Texas Wesleyan.

"It got so that we began to allow students to handle a little bit more of the money. I know Mac got a kick out of it," Jeffcoat said.

One year, the student-run portfolios showed a return of 15-18 percent while the school's professional money managers posted returns of 10-13 percent. The student-run portfolios focused on smaller, undervalued companies and international markets, where they benefited from the decline in the dollar that year, said McLain.

As dean, McLain worked with the Business Education Initiative, an innovative program that offered undergraduate students from Northern Ireland the opportunity to study business for one year at a college in the United States. One of the goals of the program was to develop the competitiveness of Northern Ireland, while the other was to put students from that religiously divided country in contact with students of another faith.

"The students would come over and many of the Catholic students would have Protestant roommates and vice versa. It exposed them to a different belief system and really broke down some barriers," McLain said.

One result of the program was an increased interest in travel by McLain and his wife, Rochelle.

"We've been to Ireland to meet with some of the people involved in the Business Education Initiative and we really can't wait to get back," he said.

McLain's straightforward sincerity and easygoing personality were reassuring to the school's board of directors, Jeffcoat said.

"Everyone trusts him. He chooses his words carefully to explain what is going on and yet he can also be very humorous," said McLain's former boss. "We don't have a large endowment compared to some universities, so we had to know it was in good hands and everyone was very pleased with the work Mac did."

McLain said he follows four values or principles when dealing with financial matters for any organization.

"The first is integrity, which I learned from my father," he said. "It means so much to make sure you handle people's money honestly and fairly."

The second principle is competence.

"I believe you've got to strive for excellence in whatever you pursue," he said. "You have to benchmark yourself and you have to educate yourself constantly to make sure you're doing the best job possible."

The third principle is to always place clients first.

"At Wesleyan, we looked at our students as the clients and their needs have to come first. Here, our schools and nonprofits are going to be our clients and we have to look at their needs first," he said.

The fourth principle: Employees of an organization represent its most important asset.

"I think that's the one that is most often undervalued," McLain said. "Human capital is the most important thing we have, and we often lose sight of that."

Like his father, McLain has been an active member of the Rotary Club of Fort Worth, serving as president last year. He is also a member of the board of directors of the Fort Worth Chamber of Commerce, a member and past president of The Breakfast Club of Fort Worth and a member of Leadership Fort Worth.

McLain has been active in various organizations throughout his whole life, even meeting his wife, Rochelle, during his summer as a day-camp counselor at the East Dallas YMCA. Raised as a Baptist, McLain joined the Methodist church when he married his wife. The two attend the United Methodist Church of the Covenant in Arlington.

They have two children, Robert and Laurie, both of whom work in the financial field. The McLains have three grandchildren.

They also have a 15-month old Labrador Retriever named Abby that occupies much of their time.

“I’ve been very blessed, very blessed,” McLain said. “When I decided I wanted to teach, I was able to do it and when I began advising clients, I was able to do it, so I feel very blessed. But I know that if I do face challenges, which I know I will, I’ll have my faith to fall back on,” he said.

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