

HANK UNDERWOOD

Guiding Businesses with a Daring Vision

by Laura Fletcher



In the summer of 2010, Research Technology International (RTI), a niche manufacturer and distributor of film industry maintenance and cleaning equipment, received a letter from a Canadian competitor. The letter announced that a Japanese company whose products RTI distributed had infringed upon several patents belonging to the Canadian company, and unless RTI paid the Canadians substantial royalties, it would sue the U.S. distributor.

The Japanese principals involved informed RTI that they would not come to their distributor's rescue. So, RTI President Ray Short and Executive Vice President Jonathan Banks turned to their long-time attorney and counsel, Henry "Hank" Underwood of **Howard & Howard Attorneys PLLC**.

Underwood quickly determined from conferring with a patent attorney at Howard & Howard that the Canadians had a case. RTI could successfully defend itself from the accusations in court, but that would be costly and time-consuming. So Underwood suggested that RTI move from a "defensive" to an "offensive" strategy—by purchasing the Canadian company that had sent the letter.

"I knew my client was going to think this was

hare-brained," Underwood says with a laugh, "and he did to start out with...it took at least three or four months [before] I convinced him that this was a better long-term strategy."

It took over a year to negotiate a deal that was palatable to the Canadian company and RTI, as well as the competing Japanese supplier, but the offensive strategy ultimately worked. A year later, RTI is one of the dominant companies in its market.

"Mr. Underwood is just extremely competent... I can't recall any instance throughout these years where he gave us any bad advice at all," says Banks, who relocated from the United Kingdom to RTI's Chicago headquarters in the late 1980s to help the company establish a global presence.

"He's very good at pitching the advice with the sensitivity to the fact that we are a small company and have particular values. That's hard to find in my limited experience. He's a loyal friend to the company... The feeling you have when you start out dealing with him that he's your friend."

Gifted at Relationships

Gary Fairhead, CEO of SigmaTron International, agrees that Underwood offers

excellent advice with the honesty one would expect from a good friend,

"I've known him a long period of time and trust him implicitly," he says of Underwood, with whom he speaks via telephone or in person "probably close to every day."

"I try to be bluntly honest but understanding of where the other guy's coming from," Underwood says of his approach to dealing with clients. "I find the old song 'Two Sides to Every Story' is almost universally the truth."

Underwood first met Fairhead when a client he represented acquired the predecessor to SigmaTron International, which produces electrical components used by equipment manufacturers. Underwood serves as corporate counsel for SigmaTron, handling its mergers and acquisitions, its financing, contracts, human resource concerns, tax issues, environmental policy, and a host of other business-related issues.

The most impressive thing Underwood has ever done for SigmaTron, according to Fairhead, was craft a deal that allowed the predecessor company to avoid bankruptcy in 1990.

Underwood and his client came up with classic "offensive" strategy, cultivating a new

group of investors and a creating a new company, with the new name of SigmaTron International, which bought the assets of the old company from the bank at a discounted price, allowing operations to continue uninterrupted.

“He has vision,” says Tom Rieck of Rieck and Crotty PC of Underwood. Rieck sits on the board of directors at SigmaTron. “By that I mean that he is able to see through a particular transaction or issue to the end result, as well as beyond.”

While Fairhead may have appreciated bankruptcy evasion, Underwood believes his greatest accomplishment has been his successful attempt to persuade a long-time client to sell his company and finally retire. The client kept telling Underwood he “only wanted to work 10 more years”—for decades.

Finally, as the client reached his eighties, Underwood was able to convince him to sell his business to a competitor, securing him a role as a part-time consultant for the new owners.

“I think [relationship skills are] so important for corporate lawyers who have clients who depend on them for routine advice and counsel, and I think Hank fits that mold in particular,” remarks Miriam Burkland of Howard & Howard, who began practicing law as an associate with Underwood more than 20 years ago.

Underwood believes his unique knack for relationships developed through his unusual childhood.

Because his father was a grain salesman and his mother a homemaker, the family was able to spend every summer traveling around the United States, usually ending their journeys with a stay at a dude ranch in Montana. There, the Underwoods lived a rustic lifestyle, sharing communal dinners every night with families from different areas of the country. Many of the people he met at the ranch are friends to this day.

Understanding the Law and Business

“One of the things I enjoy and like about working with Hank is that not only can he make the legalese easy to understand for a group of people, he also has the tremendous ability to take accounting tax and business issues and make them understandable for targeted audiences, tax specialists, and other key people we work with,” says Linda Frauendorfer, the chief financial officer of SigmaTron. “Not only is he good on the legal side, he understands the business and tax points as well.”

Underwood possesses what every good corporate lawyer needs: a keen sense for business.

“One of the things that sets him apart is that he’s looking to make a deal,” says Fairhead. “Other attorneys often try to find road blocks instead of ways to solve problems.”

If Underwood understands business, it springs from a love of learning: while Underwood’s younger brother, who is now deceased, would go on to take over his father’s grain sales business, Underwood was passionate about academics.

He became fascinated with the law through his maternal uncles and cousins, all of whom were attorneys and who enlivened family parties with intense philosophical discussions.

He followed his cousins to law school at the University of Chicago, where he studied with Soia Mentschikoff, a framer of the Uniform Commercial Code. Upon his graduation, the Rotary Club in the small town where he grew up nominated him for a fellowship to study overseas. Underwood found himself at the London School of Economics pursuing a Master of Laws.

“It was one of the best years of my life. I learned a lot. I grew up a lot. I did a lot of international traveling, which I had never done,” recalls Underwood, who still phones and visits the British family that hosted him that year.

Upon completing his L.L.M., Underwood returned to Chicago. He showed up jobless during a cold, dark December, and his friends orchestrated a series of interviews for him. He ended up having an instant rapport with attorney John Hupp of Defrees and Fiske, and the friendship that was sparked by their initial interview would be the basis of a life-long commitment to corporate law.

Though he raised his children in Hyde Park and is an ardent fan of Chicago, Underwood, as Burkland puts it, can still turn on the “Southern charm.” However, as many clients and business associates have learned, he is not afraid to give tough, even daring, advice.

Reverend Peter Lane, rector of St. Paul and the Redeemer Episcopal Church, discovered that when he became pastor the same year that Underwood became chairman of the church board of directors.

Just a few weeks after becoming pastor, Lane met an exciting young Episcopal priest who, he believed, could make an excellent assistant in strengthening the church’s many outreach programs. He wanted to hire the priest, but the church’s priority was to balance its budget, as growth efforts had caused it to operate for several years on a deficit.

“Hank advised me to do a \$25,000 fundraiser appeal over the course of two weeks. He encouraged me to be bold and explain what it was for and how it would help us live faithfully...and we ended up with \$50,000 in two weeks,” explains Lane. “That encouragement to take a bold measure like that was extraordinary. I wouldn’t have done it

without his encouragement.”

And the bold measure allowed the church to hire the new assistant priest.

Interested in Social Concerns

“For many years, I didn’t do anything except my law and my family. Law dominated way too much of my life,” Underwood says when asked about his volunteer activities.

Today, he is in the throes of helping longtime friend and business associate John Heybach, former director of the Midtown Center for Boys, start his own alternative school on the border of the troubled North and South Lawndale neighborhoods.

Altus Academy will be a tuition-free, college-preparatory, independent school serving middle school students in the fifth through eighth grades. Heybach hopes to improve upon the models offered by similar schools such as the KIPP Network by integrating whole family assistance and a non-denominational curriculum that emphasizes virtue and character.

Underwood will have a hand in almost every legal aspect of the undertaking, from fund-raising and governance to real estate leases, teacher contracts, and long-term legal advice.

“We’ve always had a lot of lively conversations about topics of social concern,” says Underwood’s wife, Janet, with whom he has a daughter and a son. “I suppose I did bring some of my work home with me. Hank in particular is interested by it.”

Janet Underwood, a retired principal of Academy of the Sacred Heart on Chicago’s north side, volunteers as a mentor and advisor for the faculty and staff of Chicago Jesuit Academy, a free-tuition school for boys in the Austin neighborhood.

Underwood met his wife through a serendipitous encounter. In 1974, Defrees and Fiske partner Tom Johnson invited Underwood to a family brunch at the Palmer House. He wanted Underwood to talk to his son, Tim, who was considering graduate school at the London School of Economics.

Underwood ended up spending almost the whole meal talking to Johnson’s daughter, Janet. She was 29 at the time. “And she still is,” Underwood says.

Howard & Howard managing partner Mark Davis attributes much of Underwood’s success to the loving and supportive role his wife has played in his life.

Says fellow attorney Rieck of Underwood: “He’s just a quality person all around, the kind you would invite inside your home for dinner. I might only invite 10 percent of the people I come into contact with into my home. Clearly, Hank Underwood would be one of those people.” ■