



That Time Dr. Dre Met David Rubenstein With Rodney Cohen of The Carlyle Group

Don Lipari, RSM US LLP:

Rodney, talk about the Carlyle Group culture. Is it truly a one-firm culture? Is there a lot of cross-referral business?

Rodney Cohen, The Carlyle Group:

Yeah, the answer is absolutely. We have done lots of deals – either inbound, outbound – that we’re picking up the phone and calling another area here or vice versa. One great example, which was Beats – it’s a story that we love. It was very, very interesting. I knew the people who started the company and had been around it. I had been around it and understood what they were developing over time.

They were getting ready to do something, and reached out to me to have a conversation. And I had no idea the size and magnitude of the company at that point. They were private. There was not much out there other than it was a very popular company. I sat down for an initial meeting, and when I heard the numbers, I said, “I think I have to make a phone call.” And I immediately picked up the phone and called...

Lipari: That one broke through the guardrails.

Cohen: Yes, it did. I called Sandra Horback and Jay Salmons in our consumer group and the North American Big Buyout Fund and I said, “I think I may have something that could be pretty interesting for you guys.” The three of us went. We had a sit-down with the company. We flew out to California together and sat and did lots and lots of diligence together and talked a lot about the company. And it was a fascinating story, fascinating moment in time for that business. And Jay and Sandra say it and were excited about it, and so that ended up being something that was done through the big buyout fund because of the size of it. And it was a great result, and great return for the firm, but also a great story.

Lipari: How long did Carlyle own Beats, and small piece of Beats Music, right?

Cohen: Yes. I think all together, we were in it just over a year.

Lipari: Did you have a lot of interaction with Dr. Dre himself?

Cohen: Not a lot. He's a genius, truly a genius. And Jimmy Ivy and what they did, really incredible, incredible marketing vision. But yes, we did bring David Rubenstein into the room to meet both Dr. Dre and Jimmy. And it was great. I mean, David loves to meet different people and loves this. They really loved meeting him, and I think the most comical piece – at least for me – was David looked at Dr. Dre and said, "You look like you really work out a lot." And he said, "You know, I do. I lift." And he said, "How often do you lift?" And he said, "Oh, four or five hours." And he said, "A week?" And he said, "No, no, no. I try most days to get in the gym and try to lift." And David looked at him and said, "Boy, I haven't worked out four or five hours in my whole life."

Lipari: It was safe to say they're not work out buddies at this point?

Cohen: They're not work out buddies.