

Chapter 5

The Delivery

The second Friday finally came, bringing two grueling weeks to an end. Doug, Rich, and Vanessa felt pretty happy about the work they had done. Rich had compiled all the PMW information from the past few years, and he and Vanessa had completed the earlier material. She originally tried to scan the paperwork to copy into a spreadsheet, but there was so much paper that the two of them found it easier for Vanessa to type the numbers while Rich read them.

Doug's role was a little more creative, and he knew he had done some great work. His spreadsheets and graphs showed the strengths of each company, and how the combined company could perform even better. He had developed some ideas that he hoped would make it into the final report. Doug was very impressed with himself. Whether Molin would be was another issue.

The three trainees met in Doug's cube before taking their work to Molin. Rich put his binder down on the desk and leaned against the edge of the wall. Vanessa stood just outside the wall, her binder held under her arm.

“Well, shall we face the music?” Rich asked.

“Let's,” Doug said as he stood up. He took his binder in hand, and the three of them walked down the cubicle aisle to the conference room. They saw through the windows that not

only Molin was in the room, but a Vice President, another executive, and Martin Weaver, the retired partner.

Doug gulped a little as they entered the room. He did not know that they would present their reports to so many VIPs. Just facing Molin was intimidating enough, but Weaver was a legend in the investment banking world. The other two guys were Joe Franklin, a top VP in the Boston office, and someone Doug did not recognize. They closed the door and stood at the end of the room. The three did not realize it yet, but their binders were all held in their left hands, and they looked something like Marines at attention.

“Ha! At ease, guys!” hollered Molin. Doug and his pals looked at each other and realized how amateurish they appeared. They instantly dispersed and sidled toward the nearest empty chairs.

Mr. Molin stood up. “I know you can't wait to deliver your brilliant analyses. First, join us with a little cocktail.” Molin was pouring us three glasses of a dark Scotch. The four executives already had theirs.

“You know Martin Weaver,” he said. “Also, Joe. I don't think you've worked with Joe yet.” The trainees nodded at Joe, and he nodded back.

“And you do not know Mr. Lawney, from our new Singapore office.” Molin introduced the other man sitting directly across from Doug. He smiled and nodded.

“Still midnight to you, Tom?” asked Molin.

“Still catching up,” answered Lawney. He had a thick Australian accent.

“Well, I’d like to introduce you to the new talent,” said Molin, who had returned to pacing the front of the room after handing the three their drinks. “These guys have been putting together the details on our report to the Feds. I’ve been impressed with some of the work they’ve been doing, and I know they’ve put their best effort into these projects.” Rich, Vanessa and Doug looked at each other with muted surprise. This was the first real feedback they had received.

“Vanessa, would you mind giving us an idea of the profitability trends for this division?” Molin asked. His eyes trained squarely at her. Everyone turned to face her, as if a spotlight had suddenly clicked on. Doug saw her freeze for a second, then she collected herself.

“The overall trend is upward,” she said. “There were some minor corrections two quarters ago, but the firm’s profitability is up about 20% over the last three years.” Rich smiled and clenched a fist slightly. He and Doug hoped their goodwill could help her nail her presentation.

“20%. That sounds about right,” said Mr. Molin, looking at Weaver, who raised his eyebrows.

Vanessa continued, “The primary cost savings comes from a reduction in fixed payroll, the closing of a couple of unprofitable field offices, and the paying-down of a large loan that funded an expansion a decade ago.”

“Right,” said Molin, with one hand covering his mouth. “So you did a cost analysis by office?”

“Yes, and also a composite.”

“Good. What do you think helped the payroll situation?”

Vanessa was now calm, knowing she was nailing it. “There was a switch to a new commission system. You reduced draws, and brought the commission steps down to four from about fifteen. This made it easier for bankers to understand the structure, and improved efficiency in the payroll department.” Improved efficiency, Doug knew, is a term that also means firing people.

Van knew her numbers, which is key to a presentation. She had not even opened her binder.

At this point, Mr. Weaver leaned toward Vanessa. “You are correct in your analysis,” he said. “But I wonder what course you would recommend now that we are part of a much bigger organization.”

“Umm, well...” she said, now in a hushed voice. “Maybe the company can combine administrative functions,”

“I’m sorry?” said Weaver. “Please speak up.”

“Uh,” Vanessa was a little louder now. Rich and Doug could tell she was not ready for this kind of question. “I said you could probably combine back office staff even more.”

Weaver shook his head. “Well, remember that for some time, we will have to analyze our staffing needs before making snap decisions like that.”

“Oh, of course,” she said, looking down.

“What else, Vanessa?” asked Molin.

“Well, the company will have a lot of different business functions. There may be internal billing issues to smooth out. We’ll know a lot more after hearing Doug’s analysis.”

“Throwing Doug under the bus, huh?” asked Weaver.

“Uh,” Vanessa said. She was clearly flustered now.

Doug had to think fast. “Actually, Shangzhen has a lot of duplicate business functions that we could combine.” Molin and Weaver looked at him and narrowed their eyes.

Molin moved to stop the bleeding. “Thank you Vanessa. We know this is a curveball. Otherwise, your historical analysis was sound.”

“You know what you did wrong?” asked Weaver.

Van looked at him silently. She looked a little shaken.

“You did not consider a new context,” said Weaver.

“We were talking about cost-cutting, when I asked you what course you would take. Not costs. It was a new context.”

“Ah, you mean I could have begun talking about expansion, or revenue improvement through other means?”

“You could have said we should open a chain of sub shops. The sky’s the limit,” said Molin.

“And you limited yourself by our lead,” added Weaver, smiling. “A simple trick of ours.”

Molin turned to everyone at the table. “Learn to recognize an opportunity to expand the context. It will help you

keep a deal alive.” Then he turned to Rich, and said, “Now, there’s more to our improved profitability, isn’t there?”

Rich plunged into the answer. “Yes, there is. It went hand in hand with a sharp jump in revenues.” With this, he stood up and went to the whiteboard at the front of the room. He picked up one of the red markers and started drawing a line. Mr. Molin sat down.

“It seems the new commission structure worked wonders,” he said as he drew a horizontal and a vertical line. He started charting a flat line across the expanse.

“Before the change, revenues were flat, actually declining slightly. It started to work almost instantly. Revenues have climbed more than 12% with each year, on average, and have outstripped gains in the margin.” Rich was calling on all of his experience as a former business owner now. I could almost see the energy flowing toward him as he worked.

“What about the turnover?” asked Mr. Molin.

“I did notice that,” answered Rich. “It started to churn a little more after the switch. Maybe the old structure made people too comfortable, and they could not adapt to the new, more demanding structure.”

“Damn right,” said Weaver.

“I also thought this allowed you to weed out the deadwood. Keep a little more churn in the workforce.”

“Fresh blood,” hollered Molin. “Keeps us up to date. On our toes.”

“And it allowed you to cut payroll,” continued Rich. “There is a point here where the commission structure hits a critical inflection point. Associates find it hard to get into this new level, because it takes a real eagle. But it’s not hard to get near the top of the lower pay level, maximizing profitability.”

“But people do get into the upper tiers,” said Franklin.

Molin sat back “We know you do, Joe. That’s why you’re here. Tell us why.”

“The only way to get into that class is to win the big deals. The ones that take a lot more time,” said Franklin.

“They are also higher risk. You either land them, or you starve,” said Molin. He looked back at Rich. “Any idea what hit rate gets you into that category?” he asked.

Rich looked at the graph he had drawn. “I do not know that,” he said, more quietly.

“But you knew that it takes an eagle to get into that tier,” said Molin, now standing up. Weaver grinned.

“It was a guess.”

“A guess!” Molin said, clapping his hands. “You guessed that few would venture to risk their careers on the big fish, while most would choose the easy way, without looking at the percentages?”

Rich stood as straight as he could and answered, “Yes.” Weaver audibly laughed.

After a short pause, Molin said, “Well, you’re right. Good guess. Have a seat.” Rich went back to his chair.

“Intuition,” Molin said to us, “and common sense will take you some of the way. But if you’re going to become a real winner, you had better know the odds. For the record, Franklin, what are those odds?”

Joe sat forward and said, “About 38%.”

“38%,” whispered Molin. “Know the odds.”

“Alright, Wilson,” Molin said, raising his volume again and turning toward Doug, “the griddle’s all warmed up. Ready to jump in?”

“Sure,” Doug said. He wasn’t, but no amount of stalling could possibly have helped.

“Shangzhen-Yi,” Molin said. “A huge company. You said before it’s more of an investment portfolio than a group of subsidiaries.”

“It is. We would be a tiny blip in their holdings.”

“But the only American subsidiary,” mentioned Weaver. This deal was his baby. Doug suddenly remembered to tread lightly with any criticism.

“That’s right. Their strategy as a global investor is, um, very diverse.” Doug had to pause for a millionth of a second to think of a more positive word than ‘unclear’. “They own logging and paper companies, shipping companies, factories, and banks. And they don’t necessarily do business vertically; there are a lot of outside brokers who are not subsidiaries.”

Molin leaned forward and asked, “Where do we fit into this strategy?”

Doug was comfortable as long as he stayed on the subject of strategy. He considered himself a big-picture natural. “First, we are an entry into a new market. But we also bring capabilities that Vanessa and Rich both illustrated. PMW has streamlined its operations, and this type of knowledge is exactly what Shangzhen needs.”

“Ah,” smiled Weaver. Doug hoped there were points for bringing his colleagues into the presentation.

“Though we will be smaller than their other investment firms, our methods can help us take a leadership role.”

“Now, what makes you think we will have any leverage with their leadership?” asked Molin.

“Nothing,” Doug said, which was true, and from the faces of the executives, the right answer. “We will have to show them what they already know and then lead them.”

“That’s right. What else?” Molin prodded.

“Um, there is a possibility that their other businesses may also seek entry here, and we can now help open doors for them. They made one effort to expand their paper business into the US, but were held back by regulation and saturation.”

“Then how could we help?” asked Weaver, now looking dubious.

Doug plunged ahead, even though he was now working on pure speculation. “We have clients already, who are seeking buyouts, expansions, mergers. It’s a matter of putting people together, and we will now have a bigger network.”

“What about these numbers makes you think our existing clients would be willing to work with these Chinese companies?” asked Molin. Doug had forgotten how fiercely he felt about protecting clients’ interests.

“There’s nothing in the numbers that-”

“Nothing?” Molin asked.

“Well, obviously I am speculating. It’s just-”

“Speculating!” Weaver said as he threw up his hands.

“We don’t speculate. We know.”

Doug was silent. Somewhere, he had crossed a line and had no idea what the consequences would be.

“You know what you did?” said Molin. “You posited a strategy you could not support. It’s correct, by the way. We will be able to develop more creative deals with all these subsidiaries. You had the right intuition, but that’s all it was.”

Weaver sat forward and told the trainees, “When making a deal, stick to ideas you can support. Don’t open any doors you can’t enter.”

Molin sat down as if nothing had happened. “Now, let’s see the reports.” The trainees handed him the reports and Franklin and Weaver took two of them. Molin took out a red pen and started marking up Doug’s. The others started reading them, occasionally musing aloud, “Ah,” or “Hmm.” They passed the reports to each other as they finished with them. Doug and the others sat and waited.

About a half hour had gone by, and Molin had bled ink all over the three reports. There was no way to tell which one

of the trainees fared worse. The reports were due in the morning, and unless these were just spelling errors, they were in for an all-nighter.

“Well, not bad,” said Molin. “These will be useful additions to the full report, and I think we’re going to use some of what we learned today in our speeches tomorrow and probably in our press release.”

At that moment, there was a knock on the conference room door. “Yes!” hollered Molin.

The door opened. Rita, the young office manager, leaned in and told Mr. Molin that he had a phone call. CNBC wanted to discuss his appearance tomorrow during their “Liquid Lunch” program. The firm had a damn good PR company working on this merger.

Molin left to take the call, and Weaver, Lawney and Franklin both looked at them. Weaver asked, “What do you think of our company so far?” This was the first time the trainees had discussed anything besides milestones and deliverables with any of the company leaders.

“Tremendous,” Rich spouted immediately. “We are picking up so much. This project alone was a huge learning experience.”

Weaver looked to Vanessa, and cocked his ear her way. She nodded and said, “I agree. It’s so much more than I imagined. It’s harder, but also really rewarding.”

Weaver’s eyes turned toward Doug, and he began, “It is harder, but what makes this company great to work for are the

people. The associates are fun, they know how to train rookies, and they are clear about their expectations.”

Weaver nodded, and looked to Franklin. “Joe, what is your assessment of these three?” he asked.

Franklin looked at each of the trainees in turn, “You did not know, but I was assigned as your mentor when you got here. This allows us to gauge your progress in an objective way. I have seen you work, and I have seen how you interact with others.”

Weaver spoke again. “Joe has already told Todd and myself what his impression is so far. We believe in doing this in front of your peers. There are no secrets here.”

Doug felt himself start to cringe. He had no idea how things were going so far. Vanessa looked at stunned as he did. Rich appeared to keep his head up, ready for more.

Franklin continued, “Rich, you kicked ass on this project. I especially liked how you dealt with the other crew on their project. Cold calling to South America is a bottom-feeder project, but you were very diplomatic, making him think you were doing the same thing. Covering up for this important project while keeping your group equal was clever. It is indicative of the rest of your work thus far. Humble, straightforward, and creative.”

Rich nodded his thanks, but only slightly.

“Vanessa. You have a sharp mind, and it is exactly what we need in this field. You are great at finding the issues that nobody else has thought of, and your detail is meticulous.

Your goal should be to take a few more chances. Generate bigger ideas, and even take a few risks. Critical thinking and detail are both paramount in this business, but so are guts.”

Joe turned toward Doug without a pause. “Doug, you can see the big picture. You have the will to go out on a limb, and you don’t waver. You were calm even out there on the bleeding edge. I would like to see you pay more attention to the minor details, and seek more depth in your ideas. But from the start, your intuition and calm are great strengths, and knowledge of the details will help you trust yourself.”

Weaver spoke up, offering the last word. “Based on what I have seen today, you may have what it takes to stay in this business. From here, it gets harder. Your next review will come before you leave our office in a few months. It will not be with Joe next time, but somebody else is already assigned to the role.” He turned towards Joe, and said, “Thanks for your assessments, Joe.”

The door opened and Mr. Molin walked in, griping, “That scumbag Marty Schobel moved our interview to quarter of 3. The end of his show. Who the hell is watching at 3PM on a Friday?”

Weaver stood up and shook his head. “I’ll talk to Gerry. We’ll work this out.”

“Are you done here?” asked Molin.

Weaver turned to the trainees and said, “Thank you guys. It was great to meet all of you. Good work. Keep it up.”

The three got up and shook hands with Franklin, Lawney and Weaver. Mr. Molin said he would send somebody by to get the binders after the corrections were done.

As Doug, Rich, and Vanessa filed out of the room, they were beaming. This was the sort of thing they had been waiting for. It was important for their morale to have constructive feedback. Rich had already talked about morale, since he was the only one who had experience as an entrepreneur.

He said employees would wait a reasonable time before wondering when they would have a review, and if that time ran long, it would begin to cause concern, then worry, then apathy. A company should never let it get to the worry stage. That’s when performance starts to suffer. The three were not at that point yet, but it still felt good to have validation of their work.

They stopped at Doug’s cubicle and looked at each other. They had not been to lunch yet, but they all knew there was no point in going now. Rich glanced down at his binder and said, “So, eating in?”

Doug reached for the top drawer of his desk, and grabbed a few menus. They were from a couple of bistros nearby, and there was one from the catering place that the firm gave a lot of business to. They had grown to dislike the food there, although it was a cut above most restaurants. The cheese was always something weird, and the bread was always too hard and greasy.

“Guys, I feel like a good old-fashioned sub,” Doug said.

“Yeah. Get that little place by the alley,” said Rich.

“You mean opposite the fire station?” asked Vanessa.

“Yeah,” Rich answered.

“Oh, okay, I’d like that. BLT, please.”

“Turkey for me,” said Rich. “Everything, but no mayo. Your idea, your tab. Lemme know when it’s here.” Chuckling, they took the binders and headed back to their cubes.

“Will do,” Doug said, grinning. They were learning Weaver’s tips quickly. Don’t open the door if you can’t enter the room. He thought of an addition to that. If you can enter the room, it’s a great way to get your way. He picked up the phone and dialed.

After ordering, Doug opened his binder to see Molin’s markups. It was mostly clerical changes, syntax and stuff like that, which was good news. There were only a few changes that would require a lot more analysis. And there was one more change, to the code on page 13. Molin had changed the number 4 to 5. Doug would fix it, but he knew he was done fooling around with that database anyway.

When the subs came, Rich and Vanessa told Doug that their work was much worse. They were going to be in the office very late, and there was little that Doug could do to help them. He felt terrible leaving at 5:30 while they were still in for a long night. But then, he had nailed his assignment. These are the spoils.