

SECTION ONE

Preparing for a Career in Business

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Go with Your Gut

I first learned to be wary of so-called expert advice in 1960 at Manchester High School in Connecticut. The lesson has stayed with me throughout my career and life.

Manchester was a nice, middle-class New England town with a population approaching 40,000. One-third of the town worked at Pratt & Whitney aircraft, one-third in the insurance industry, and one-third were local businesspeople. My high school class of 1960 was to graduate 605 students; half would go on to college, and the other half directly to work.

At the beginning of my senior year I visited the Guidance Counselor to talk about applying for college. His first question was, "What school are you thinking of applying to?" I responded, "I'm thinking of applying to Harvard." Without hesitation, he said, "That's ridiculous! Nobody from Manchester gets into Harvard. They only take private school kids. Plus, do you realize it costs twenty dollars to apply?"

I went home, and when my mother asked, "How did it go in school today?" I said, "Well, I went to the Guidance Office, and the counselor said applying to Harvard was ridiculous, plus it costs twenty bucks."

To my mother's everlasting credit, she said, "Well, we'll take a flyer on it." For those not familiar with this expression, it means, "We'll give it a try even though the odds for success are low."

As a teenager who came of age in the 1950s, I wasn't prone to questioning authority, and I probably would have followed my counselor's so-called expert advice. But my mother was wise enough to know better.

She knew that if you are going to dream big dreams, you have to be willing to take a chance.

At any rate, I went ahead and applied. I entered Harvard with the Class of 1964 and it changed the course of my life.

BOB'S WISDOM: When your instincts tell you differently from “expert advice,” go with your gut.

Choosing the Right Path

My father was the President of Hartford Distributors, a Budweiser beer distributorship in Hartford and Tolland counties, Connecticut. Today, Budweiser is the clear market leader in the United States, but in my father's time, it was in a neck-and-neck horse race with Schlitz, a brand that today barely even exists.

Being a beer distributor was a tough business, but my Dad built it up from scratch. Unfortunately, he had rheumatic fever as a child which damaged his heart and ultimately led to his premature death at the age of 48. I was a junior in high school at the time, and obviously such a tragic event had a big impact on my life. It made me grow up a little quicker.

My mother, surprising many people, took over his position as President of the company. This was in an era when there were not many women in business, and those who were, didn't become presidents of beer distributorships. It was an unprecedented and bold move on my mother's part.

While in college, I worked at the company doing administrative office jobs during the summer breaks. Most of my tasks related to managing the accounts receivable books. Because I was not of legal drinking age, I was prohibited from working in the warehouse or on the trucks.

By the end of my junior year at Harvard College, my mother had spent four years in the job. She was beginning to tire of work. Plus, she was planning to remarry and move to Florida. So she came to me and said, "Bob, either you are going to take this company over, or we are going to sell it."

Budweiser controlled the franchise rights and would have to approve any buyer. Selling the business was not necessarily going to be a

financial bonanza, but holding on to the distributorship would mean I had a built-in career for life. Given the growth track that Budweiser was on, keeping the business would also be highly remunerative.

I thought carefully about this situation and talked it over with my wife-to-be, Sarah. In the end, I decided that running the distributorship was not something I wanted to do. I was barely of legal drinking age and not prepared to commit myself to the beer business. Additionally, I felt that under the circumstances, I would be living in my father's shadow for the rest of my life, and I did not want to do that. I wanted to strike out on my own.

I told my mother about my decision, and we sold the business that summer. In the fall, I went back to college for my senior year, graduated the following spring, got married, applied and was accepted to Harvard Business School, and went on to build an entirely different but totally satisfying life.

BOB'S WISDOM: Choose the path that is right for you, then go for it without looking back.

What I Learned at Harvard

I entered Harvard College in 1960 with the Class of 1964. It comprised eleven hundred men from all fifty states and a number of foreign countries. Half of them came from private schools and many were from wealthy families. At Harvard, I suddenly acquired access to unlimited educational and cultural opportunities. A new world opened up for me.

During the entire four years, I never got sick, and attended every class. My children still laugh at the fact that I did not cut a single session.

A question you might ask is, “What is the most important thing you learned at college?” Well, it is the belief that no matter how smart you think you are, and no matter how much you think you know, there is always someone smarter. Someone who knows a lot more about certain things than you ever will. This revelation consistently inspired me to surround myself with the smartest and most knowledgeable people I could find.

I observed other top executives do the same later in my career when I was running Kayser-Roth. Steve Schwarzman and Bruce Wasserstein, two of the smartest thinkers in finance, were on the Board of Directors. But even those two could not have possibly known all the answers to every question, so they did not hesitate to hire people with the expertise to fill in their knowledge gaps. This is the way leaders make the total of the organization much greater than the sum of its parts, and much stronger than any individual.

Unfortunately, I also have seen the consequences when leaders surround themselves with “yes men” or people who only tell them what they

think they want to hear. This creates a situation whereby the organization is no stronger than the person at the top, which can be a limiting factor indeed.

BOB'S WISDOM: There is always someone smarter than you, so know your own capabilities and limitations and surround yourself with the smartest and most capable people you can find.

Expect the Unexpected

I entered the MBA Class of 1966 at the Harvard Business School. It included 680 men and three women divided into seven sections (A–G). I was one of 97 students in section D. We attended class three times a day, six days a week, and we were expected to be ready to discuss and analyze our case study assignments in detail. It was a pretty intense experience.

My favorite class was Business Policy with Professor George von Peterffy. He had been a consultant at Arthur D. Little, and ran a “no fooling around” class. Our most accomplished and polished class member was John Stang. Many in the class had professional experience, but before coming to Harvard, John had completed a rigorous management training program at General Electric. He was smart, articulate, and given his prior experience, he had an edge on the majority of us in the class. Overall, he was a very impressive guy.

Professor von Peterffy would often start the class by waving his arm with a finger pointed toward the semicircle of students, eventually landing on someone and saying, “Mr. X, how would you like to start the class today?”

One morning, the finger pointed and landed on John Stang. “Mr. Stang, how would you like to start the class today?” von Peterffy asked. The extremely capable Mr. Stang promptly unveiled his very impressive analysis of the case.

At the next class, much to everyone’s surprise, the same thing happened: “Mr. Stang, how would you like to start the class today?” This was unprecedented. No one had ever been called on twice in a row. Stang, once again, unveiled yet another impressive case analysis.

The next class—surprise of all surprises—the arm waved, the finger pointed, and for the third time it landed on John Stang, but this time with a very different result. The normally polished Mr. Stang said, “Professor von Peterffy, I am not prepared today.” Von Peterffy shot back, “Mr. Stang, if this were a board meeting at General Electric, would you be prepared?” Stang replied sheepishly “Yes, Sir.” Von Peterffy responded with “Then why are you not prepared for my class?”

Silence fell over the stunned throng of 97 men. The professor had made his point: you must always be prepared—there are no excuses, no exceptions.

In retrospect, I am convinced that von Peterffy planned this deliberately. He purposely selected the guy the class most respected, and called on him repeatedly until he found him unprepared. It wasn’t only a lesson for the day; it was a lesson to remember for life.

BOB’S WISDOM: Expect the unexpected. Always be prepared. There are no excuses and no exceptions.