

SEVERAL THINGS I HAVE LEARNED

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THE DARDEN SCHOOL

1988-1998

As I write this, I am celebrating my 92nd birthday. Some, when they consider that fact, are stunned. "How did you do that?" I don't know. Some will then say, "Gee you must have seen a lot" And it's true that I could bore you to tears with observations from 90+ years of experience, for example:

- I have been greatly impressed by the accomplishments of motivated individuals, the results of their will power. Consider the creation of the Darden School which before 1955 didn't exist. In my practice days, I had a number of company clients that were thriving only because one or two people said, in effect, "I want this to work." Marvelous. But also consider the creation of Theranos, the blood testing startup in Palo Alto. It's gone now and we all know why the end results are so different.

Life is fascinating. I am still debating as to whether a soft shell crab is better sauteed or deep fried. But for purposes of this collection, I thought it might be instructive to share observations from one specific event in a long life.

In the 90's there was a great deal of ferment in Russia. There was even thought that the country might be ready to move to a market economy. The Practising Law Institute, a NYC based developer of Continuing Law Education programs decided to put on a seminar, in Moscow, on "Managing a Market Economy". They put together a ten person team to carry that message. The team was to include some NYSE regulators, an investment banker, an attorney or two, and some academics. Darden was invited to participate and John Rosenblum nominated Bob Sack and Mark Haskins. It was understood that I was to present a paper, at the seminar, on Fair Value Accounting.

Mark and I spent about two weeks in Russia with this team and the experience was, simply said. mind blowing. We had guides everywhere, every day - guides, translators and of course, watchdogs. Regardless of

their oversight, we came home with a wide range of insights. Here are three that continue to speak to me. They hit me hard then and continue pull at me:

1. Academic Freedom and Tenure are important assets and we need to preserve and protect them

The first day in Moscow, our team was subjected to three hours of speeches from senior faculty members from a prestigious university. At the end, I said to our guide “Even with translation, I don’t know what was said. What was that all about?” He explained “that’s how they became senior faculty, They have learned how to lecture without saying anything important or even useful. If they had said something important they would have angered someone and would have lost have their position

2. An Individual who has Information is in the cat bird seat

Moscow has a Commodities exchange where for instance, the manager of a farm can trade with the manager of the tire factory, say a ton of grain for a dozen tractor tires. We went to the Exchange and watched a group of suit-clad men walking around the room patting each other on the back and shaking hands. We also saw a group of clerks banging away at old Selectrics. Our guide, who was a floor man at the Exchange, explained that they were making lists of the transactions agreed on today, lists which will be posted for everyone to see in the morning. Our investment banker-team member said, “But if I was standing close to where the grain/tire deal was negotiated, I would know the value of a ton of grain this afternoon.” The change in the expression on our guide’s face was dramatic: the potential value having information - and using it – had evidently not been part of the negotiations at the Exchange. Over cocktails that evening our team speculated as to the implications for the Operation of the Exchange, of that genius’ escape from her bottle.

3. Considering a room full of handsome people

As a perk, our team was offered a night out. Would we like to see a performance by the Bolshoi? Of course! I don't remember the performance, but I distinctly remember the hall. It was full of handsome people. Not black-tie types but families in street clothes. Before the lights went down, the little kids were standing in the seats, surveying the crowd and wondering who we might be. I remember thinking, "We probably have rockets programmed to fall on this center-of-the-city hall... and they have rockets programmed to fall on Carnegie Hall." We ought to arrange it so that the U.S. Officer who carries the launch instructions, has season tickets to the Bolshoi.

Dr Strangelove is not a comedy.

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