

**Kommerstad Center Speakers Forum  
Achieving Goals**

Randy Kominsky

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## Kommerstad Center Speakers Forum

### Achieving Goals

RANDY KOMINSKY \*

*Introduction of Mr. Kominsky by Professor Edward S. Adams, Co-director of the Kommerstad Center for Business Law and Entrepreneurship:*

*Professor Ed Adams:*

It is my pleasure today to introduce Randy Kominsky. Randy is the chief investment officer for the holding company of Carl Pohlad, the owner of the Minnesota Twins.

Randy is a lawyer by training. He graduated from Temple University Law School in 1979. He has been a partner at Coopers and Lybrand and head of its restructuring group. He was on his own for a period of time. He has worked in senior management for Ryder Systems. He served as the co-chair of the Unsecured Creditors' Committee for the Continental Airlines bankruptcy, where he was extensively involved in every aspect of the case, supervising the revised business plan, restructuring a \$4 billion capital structure, implementing significant cost reductions, and negotiating and valuing new equity from financial and strategic partners.

I cannot express to you enough how highly regarded he is in the financial community. He will give you a real perspective on what it is to be a lawyer and then pursue what I would characterize as a non-traditional career. We are just thrilled to welcome him today.

*Mr. Kominsky:*

As Professor Adams said, I am the Chief Investment Officer for Carl Pohlad, listed in Forbes as one of the world's richest men. Now that you know that, I'd like to ask some questions of everyone.

How many of you would be interested in working with me after you graduate? Raise your hands. OK, pretty much everyone. Keep your hands up, please, while I ask you a few questions.

What if I told you that the job required you to work every Saturday and probably two Sundays a month? If you're not interested, drop your hand. We still have some hands up.

\* Mr. Kominsky is the Chief Investment Officer for CRP Holdings LLC. His primary area of responsibility is making equity investments in privately held companies.

What if I told you that the job pays \$15,000 a year? All right, a couple hands still up.

Let's discuss some of your qualifications. For those with your hands still up, how many have taken accounting classes? A couple hands still up.

How many, of the few hands up, have published something?

Now, how many of you can deliver an unbelievable recommendation to me from somebody that I might know?

OK, and how many of you have leadership positions right now?

No hands standing? Nobody hired!

What I hope to accomplish in the next hour is to give you my thoughts on how you can accomplish your goals. You all said you wanted to work for me, suggesting it was a goal -- yet not one of you has the qualifications to work for me. I'd like to go over some things I think would be important for you to do to be able to accomplish a goal.

I've been out of law school for 22, 23 years, and I can tell you that you will not remember 99% of the stuff you're learning now. That is just a fact. Think about your whole undergraduate experience. How many of you truly remember most of what you learned in those 4 years as an undergrad? I'm going to help you remember. And as I talk, I'm going to list a few words or phrases that, if you're so inclined to think about and look at, I will have considered this a successful use of my time.

I'm going to try and list the skills that I think are relevant for you to accomplish your goals. Then I'll try to illustrate those skills with my life experiences.

You are all very capable, hard working, bright people. You are always prepared and you always do your best. Those skills are just the ante to get into the game. The traits that made you a part of law school made everybody else a part of law school.

What makes you different from someone else? What separates you from anybody else? As a professional. As an individual. Why should I hire you as opposed to the guy next to you? Distinguish yourself. There are a million lawyers -- what distinguishes you?

### *Learn Business*

The first goal to accomplish while you're young and have these resources available to you? Take business courses.

If you want to be a business lawyer, you have to understand business. As an undergrad I got a finance degree and I had a professor who said, “Look, if you were going to live in a foreign country, sooner or later you are going to learn the language.” You might learn it there; you might learn it in advance.

The foreign entity on which you are about to embark is business. Business has its own language.

It’s not too late to take an accounting class. Go to the business school and audit a couple of classes. What does a balance sheet look like? What’s an income statement? Or cash flow? Most lawyers haven’t a clue and their eyes glaze over when they’re given financial statements. Learn to read a financial statement and a balance sheet the same way you can read a case or a novel.

And don’t worry about the grades. Most people will tell you that grades are critically important. They are, but only for the first job. After that first job, nobody will ask you your grade point average again. Nobody cares. In fact, nobody cares where you went to law school. You’re in a top twenty law school. I didn’t go to a top twenty law school; I went to Temple. I was never asked where I went to law school after my first job. So it is really not relevant.

### *People Skills and Likeability*

Secondly, people like to work and play with whom and what they like. And charisma counts. A recent article in the Wall Street Journal talked about CEOs and whether charisma plays a large role in becoming a CEO or staying a CEO, and the conclusion was absolutely it does. Not being fake but generally likeable.

How do you become likeable? You are going to have to figure that out based on your own personality. Ask friends and family how you’re doing. In the corporate world you get graded and you get reviewed partly based on your personality and you’ll either get promoted or you won’t.

Let me give you a couple of examples of how people skills and likeability affected my work. I mentioned that I went to Temple Law School. I got to know the dean of the law school very well, just by socializing and walking around the halls. He invited me to Greece on a scholarship the summer between my second and third year. He thought it would be fun for both of us. He liked hanging out with students. So I went and had a wonderful time. It was a major event in my life.

I highly recommend to the second year students to go abroad this summer. Your classmates and other people are going to say, “Oh, my god, you have to get a full summer clerkship to get a job.” Well it doesn’t work that way, especially in this economy. So don’t assume you’re going to get a summer clerkship and don’t assume that it will lead to a job.

The main reason I suggest travel is that it's really a personality expanding event and you will benefit no matter where you go. It distinguishes you from the guy who didn't do it. Life is way too short and this experience is so much more valuable than others.

Another thing about likeability. I joined a law department of a large corporation after the judicial clerkship - a job I found in the newspaper. (The moral -- look everywhere for jobs!) The assistant general counsel had to decide between me and another person, equally qualified. But, he didn't like the other person and he told the general counsel: "I don't know this guy but I don't like the other guy at all. Don't hire him." I got the job. And that is the way it often is.

Two more vignettes because I think this is critically important. I have a friend and neighbor who is a third year law student. Six or seven people got third year clerkships with a firm, and with this economy, they were thinking about cutting back. Every one of them was very qualified and hard working. But this woman is a person who always has a smile on her face, is always talking to people, and it's fun to talk to her. She got the job and the other people are still looking.

I worked for a company with a guy on staff who was more intelligent than everyone else in the department, but he had no people skills. We brought him into meetings when we needed drafting. He was always the person drafting the documents. And he never moved up in the corporation; he was so focused on being a technician that he had no people skills. The likeability factor is critically important.

### *Mentors*

Get a mentor -- mentors can change your life. A mentor is someone who takes you under his or her wing. In my case, it was a law school professor who taught criminal procedure. I was like you, interested in business, but I had to take criminal procedure because it was on the bar exam. We really got to like each other pretty well. And he knew that I wasn't going into criminal law as a profession. One day he came to me and said, "How'd you like to work for a judge? I got you an interview with one." I hadn't really thought about clerkships, but it was my third year and I said "OK."

The judge and I got on the phone and after a three-minute conversation, he said I was hired. He said it was a done deal before I got on the phone because the professor had said, "You should hire this kid. This kid is great." So, a good way to get your first job is through a mentor. It could be a professor. It could be a lawyer in private practice.

### *Contacts*

The need for contacts, by the way, doesn't go away after you got your first job. It's a way of life. You've all heard the expression "It's not what you know but who you know." It's the truth. People invest in other people just because someone tells them to. People get hired in jobs because of people they know. It happens in your career and it happens in life. And if you haven't done it yet, figure out how and then do it.

### *Change*

Embrace change. Once you get out into the business world, you will hear that change is good. Well, in fact, most organizations hate change and most people hate change, and most people don't want change.

I love change and I have spent my whole life changing. I can tell you that when my mentor-professor approached me about the Florida judge, I wasn't sure what I wanted to do but I thought that moving to Florida was not in my plans. I remember sitting with the recruiters at the law school, they asked me if I was willing to relocate. And I said, "Sure, I live in North Philadelphia and I'd move to South Philadelphia."

So I moved to Florida. My life totally changed and I've been there ever since. I met my wife -- we have a family. And I thought I would live and die in Philadelphia. An important step in the stairway in my career has been to embrace change.

### *Money*

We all worry about money. Don't. One or two of you would accept my offer at \$15,000 a year. My first job was working with that judge was \$10,000. I turned down offers for \$20,000 and \$30,000 from top firms in Philadelphia to go make \$10,000 a year.

Money will come if you enjoy what you are doing. Don't be upset if you're not making \$60 or \$70 grand a year. I never, never, never, ever have made money a primary factor in selecting an opportunity. I've always gone with the experience and the chance to try something new. Go with where you think you are going to have the most fun and the money will come.

### *Get Better*

So if you don't worry about money, what should you worry about? Worry about how to continually learn and change. In my first job, no surprise, I was at the bottom of the ladder. When I heard one of the guys who was senior to me but didn't know me say to another senior guy, "I'm really swamped -- I need some help," I jumped in and said, "I'll do it." He said, "Look, this is nights and weekends and we are really over a barrel here." I said, "I don't care. I want to learn." Because of volunteering for that duty, I became the senior person in the Mergers and Acquisitions area. Then I evolved away from law and negotiated deals. And it all started because I jumped in.

Whenever people said they didn't know what to do about something, I would ask for the chance to try. We started an aviation division -- we were going to own and lease planes and buy aviation parts. I knew absolutely nothing about it. But I learned and it was really exciting.

In the mid eighties, I got really involved with bankruptcies, when a lot of companies were going bankrupt. I was appointed to chair the creditors committee in the bankruptcy of Continental Airlines. It was a wonderful learning experience for me and a highly visible appointment, where I was negotiating with banks and equity holders and boards of directors. In fact, that is where I met Mr. Pohlad. He was the chair of the board of Continental Airlines at the time. We worked together and successfully filed a Chapter 11 bankruptcy and Pohlad trusted me. And all of this happened because I said I want in and I want to do something different.

### *Fun*

Doing the Continental Bankruptcy was also quite a bit of fun. When you start saying I don't like this anymore, I don't want to do this, you will be no good to yourself and no good to your company.

### *Trust*

You will be viewed by most people as someone who can't be trusted -- that is a fact of being a lawyer. One of my mentors was someone whose success was largely based on his ability to earn people's trust. How do you earn trust? Keep your word. Be honest. Keep confidences. Unfortunately, 85% of lawyers don't do these things. That is just the way it is.

### *Preparation*

Let me give you some another thought. Think before you talk. Before you go into a meeting, don't think you can just wing it. Every time you go into a meeting, you will be judged and evaluated. It's not just thinking hard before you go in. It's being creative. Think outside of the box. Don't come up with the answer. Consider alternatives.

### *Responsiveness*

Little things matter. Create a policy of returning every phone call you get on the day you get it. Clients and associates love this. When you get your first job you are probably going to get an assistant who can answer your phone. And you are going to feel real cool.

Don't do it. Pick up your own phone. Clients, co-workers, bosses, associates - they like to talk to you. They don't want to be screened, they don't want to think you are that important, and in fact you are not that important. People who pick up their own phones in the real world are really responsive.

### *Compassion*

The other thing that I would tell you is be compassionate. This is not likeability and it's not easily taught. Do pro bono work -- it's great for you and it's great for the person receiving it. It can be legal and it can be charitable.

And there are a lot of side reasons to do it. When hurricane Andrew struck in Florida it was devastating. I wound up going to a lot of the stricken areas and one of these days was with the Chairman of the Board. We distributed all kinds of stuff and we bonded. He saw me in a whole different light after that day. You can't predict them but those kinds of opportunities will come.

### *Direction and Risk*

Set goals in terms of direction. A lot of these management books will say set a goal, write it down, and achieve it. It's never worked that way with me. I would set a goal in my personal life. I'd get married and have a kid, but it didn't work out that way. We got married and had twins. The goal was

there but the direction was changed. We wanted to have one kid and we got two. So I would say set goals but be flexible.

When I finished the Continental Airlines bankruptcy, it was on the front page of the New York Times. I was being courted by a lot of people when Coopers and Lybrand came to me and said, "We want you to be the partner in charge of our restructuring group but it won't be the practice of law." (I am not a CPA, but I've got enough accounting to be dangerous.)

My first thought was, "Why did I go to law school?" And within what seemed like a split second I thought, "This is great. I can try something different." I embraced the change -- I was willing to take a risk. And I would tell you the same. Be willing to take a risk.

One quick story about the one of the senior presidents at Ryder Transportation where I worked. He was making probably about \$400,000 a year, so he was a pretty well paid guy. He did an acquisition and we paid a guy he knew \$20 million. Same age -- they grew up in their careers on the same path -- had kids at the same time. I asked him what was the difference between them and he said he had young kids, he was being promoted. He was comfortable, but his friend was willing to take risk.

I don't think I've wrecked my life, but I don't have 20 million dollars in the bank. So don't be afraid to change. Now when I became this partner in charge I quickly learned a lot of lawyers do not practice law. The legal training can let you go anywhere. We had a lawyer who was advising on our human resources -- she ultimately became the head human resources person for Office Depot. One of our lawyers was advising a specific a division of the company and he became the president of that division.

### *Politics*

When I was at Coopers-Lybrand, I was doing investment banking which, although it sounds glamorous, means I was helping raise money for companies, and helping turn them around, and doing a lot of banking reconstruction work. I had a lot of people who reported to me and I hired a lot of people and fired a lot of people. One of the things I discovered in this big organization that I didn't like was the politics involved. I had come in as a senior partner, leap-frogging over everyone else. It was unheard of and some people were not very accommodating.

The guy who hired me was the vice chair of the firm. He'd lost an election to become Chair and as far as the guy who replaced him was concerned, I was part of the old regime. It was unpleasant and I said, "This is it -- I'm out of here."

The lesson to be learned is that there is politics in any organization. Politics is just a euphemism for favoritism. And even three-person private practice law firms have favoritism. You'll find it wherever you go. You are not going to change it, don't even think about changing it, and don't worry about changing it. It ain't going to happen.

The only thing you can change is yourself. Either you get accustomed to it or you change your environment. In my case, I chose to change my environment. When I left Coopers, I saw no downside risk -- I could always practice law, another great advantage of having a law degree. Keep your bar admission no matter what you do.

### *Wrap-up*

What I decided to do was form my own company. I went on my own and did a lot of exciting things. I was raising capital for companies and getting involved with projects that I never would have been involved with.

I used the likeability standard. At Coopers, especially as a senior partner, I had to work with everybody and I didn't like it. In my own business, I wanted to work with clients that I wanted to work with. I wanted to work with people I wanted to hang out with. I wanted to succeed on my own.

My advice here is don't rely on partners or other people to bring you clients or business. Become self-sufficient. Meet a lot of people. Go to receptions and cocktail parties and stay in touch with these people. You never know where it is going to lead. Adopt an I'm-hungry mentality and you are going to be successful in life.

So I got a client and we weren't able to raise any money, and I said, "You know, the problem is you have an incompetent CFO." He said, "OK, fix it." And I became the CFO and it totally renewed the business plan.

We fired people. We closed offices. I gave his son a bigger role. I gave the father a lesser role. He was kind of a nice guy but not the best businessman in the world. It's usually the opposite in business -- it's usually the sons who are dopes. Anyway, it was successful and we restructured his business; and I got a lot of money after I restructured. And then clients came by word of mouth, through trust, and I started to sell businesses.

An example. We were doing a management buyout for a guy whose attorney was with the largest law firm in Indianapolis. We secured a \$30 million dollar loan for him but with some really unreasonable loan documents. And the client's lawyer said "You know; it's the golden rule. Those with the gold make the rules." And he didn't negotiate one bit with the bank. I said, "Wait, I am not practicing law anymore and you pay this guy a lot of money. But we can't let the client just sign this contract." I called the bank lawyer and asked if he

was willing to negotiate? He said, "No." I asked again. "Are you willing to negotiate?" He said, "Yes." We went through it, made reasonable changes, and the client fell in love with me. He saw that I used my legal skills to help him. I used those skills to focus on the client.

I could have easily said, "It's not my job -- you hired a lawyer and that's the lawyer's advice." Now he's a friend and a client for life and what did I do? I added a couple reasonable terms here and there.

Wherever I could make some money and have some fun, I got involved. And I always stayed in touch with Mr. Pohlad. When I had clients that needed money, Carl was usually the first person I called. Conversely, if he wanted to look at deals he may have asked me to get involved and do due diligence or fix a problem.

Besides owning the Minnesota Twins, Carl owns a lot banks and a lot of other things. Last year he asked me stop consulting and come to work for his organization as Chief Investment Officer. I said, "Sure, I'll do it!" We didn't really talk about money -- it just sounded like a neat job. And I've been doing it about 9 months.

I told him I wanted to continue living in Florida because I love it and he said that was no problem. I told him I'm not even sure how long I'm going to work for him, because I like change. He said no problem. He is one the nicest people I have ever known. So I started and what do I do?

Think about when I started talking to you today and asked you those questions. Not one of you asked, "Wait, what do you do for a living?" What am I going to do for a living?" Nobody asked me what his or her job is going to be. You probably assumed it would be something glamorous and sexy. It could have been janitor. The lesson to be learned? Ask questions and, most important, listen.

Lawyers have a tendency to like to hear themselves talk. My advice? Don't talk. Ask questions and listen. First, by listening to the other person, you can become closer to that person. Second, you will really understand the need of the client, the boss, the company - whomever or whatever you work for. I meet with investment bankers all the time, evaluating investment opportunities. Mr. Pohlad and I have created a strategy about what kind of companies to buy, how we should buy, and how much we should spend. I am out there every day looking for companies to buy. I value them. I meet with management. I use all the skills that I have learned -- people skills and financial and legal skills to evaluate the opportunities. People skills are high up on the list because when you invest, you invest in people.

When I look at a company, I evaluate management. If management is lacking, I don't care what the numbers are going to say -- we won't do business with them. Of course, you do have to understand the numbers to know if they

make sense. If you don't know what to look for and at the bottom line you say yes, you're lost. If the numbers don't make sense, it tells me a lot about the credibility of the CFO.

Once we look at the numbers, we negotiate the deals. Then we buy or we don't buy.