



# **SURVIVING** **WALL** **STREET**

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**A TALE OF TRIUMPH,  
TRAGEDY AND TIMING**

**SCOTT L. BOK**



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Published by John Wiley & Sons, Inc., Hoboken, New Jersey.

Published simultaneously in Canada.

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**Library of Congress Control Number:** 2025901815

Hardback ISBN: 9781394326693

epub ISBN: 9781394326716

ePDF ISBN: 9781394326723

Cover Design: Wiley

Cover Image: © PPAMPicture/Getty Images

Author Photo: Courtesy of the author

*For Elliot and Jane*



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# PREFACE

**T**he pop artist Andy Warhol is famously associated with the intriguing quip that everyone gets fifteen minutes of fame. Mine came in the autumn of 2023 when I was serving as chairman, a part-time volunteer role, of the board of trustees of the University of Pennsylvania. There I became embroiled in a battle for control of that nearly 300-year-old Ivy League institution. That highly publicized contest marked the start of a period of nationwide campus unrest unlike anything since the Vietnam War protests, drawing intense scrutiny from the media, Wall Street, Congress and the courts.

Having spent a lifetime advising corporations on merger deals, dissident shareholder attacks and assorted boardroom controversies, the nature of that highly publicized contest was familiar to me. The same people—titans of the world of mergers and acquisitions (M&A), private equity and hedge funds—were involved. The same bare-knuckled tactics were utilized. And the same kind of boardroom drama played out.

The only difference was that, at Penn, the stakes were higher than in the typical fight for control of a major corporation. Among the many issues in play were free speech, academic freedom, antisemitism, DEI (diversity, equity and inclusion), “woke-ism” and the role of wealthy Wall Street patrons in the governance of nonprofit institutions.

Ultimately, what I saw at stake was nothing short of the soul of the University—and perhaps by extension the soul of all leading universities.

To understand how this spectacle came to be one must turn the clock all the way back to the beginning of my career. A time when “investment banking”—a field now so prominent that a substantial portion of each graduating class from America’s elite universities applies for an entry-level position—was such a small and obscure activity that a new Wharton graduate like me had no knowledge of it. A time when “private equity”—the now familiar name for the ownership vehicle that began as an offshoot of the M&A business and today controls more than 30,000 companies globally—was, like “hedge fund” and “activist shareholder,” a term yet to be defined. A time when television coverage of Wall Street stocks and corporate deals was limited to a single thirty-minute weekly show on the Public Broadcasting Network, in sharp contrast to today’s full-time business news cable channels Bloomberg, CNBC and Fox Business News.

Wall Street’s scale, profile, wealth and power saw explosive growth in the years that followed, with its reach ultimately extending across the entire corporate landscape and into every other aspect of American life, from politics to culture and even to sports.

But the Wall Street story is not one of unrelenting progress. Crises of various ilk are frequent, such that few firms last long in this Darwinian arena. Most firms in this domain end up either forced out of business or subsumed into a more successful competitor. The names of the departed—each of which first enjoyed an extended period of great fortune—are still familiar: Bear Stearns, Dillon Read, Drexel Burnham, E.F. Hutton, First Boston, Kidder Peabody, Lehman Brothers, Paine Webber, Salomon Brothers and Smith Barney, among many others, along with their British equivalents of Baring Brothers, Cazenove, Kleinwort Benson, Morgan Grenfell and Warburgs.

Life for those who lead these firms is even more precarious. Few Wall Street leaders get to their finish line with reputations fully intact.

The overlapping life cycles of Wall Street firms and those who run them drive the evolution, innovation and growth of this ferociously competitive industry.

Here the story of this dynamic and increasingly powerful industry is told through the tumultuous adventure tale of one firm (Greenhill, a pioneering specialist in M&A) and one man (myself, Greenhill's longtime leader), someone who came to Wall Street four decades ago as an eager but naïve new recruit—as thousands like me now do each year—and managed to grab a front-row seat for a period of epic change.

—S.L.B.



# CHAPTER ONE

# BEFORE THE BEGINNING

*You play it the company way.<sup>1</sup>*

– Frank Loesser, *How to Succeed in Business  
Without Really Trying*

In a speech of less than one-minute told repeatedly over more than two decades at innumerable client meetings and every office holiday party, Greenhill, the man, would describe the founding of Greenhill the business in a few phrases. He wanted to spend all his time with clients rather than managing people. So he launched a new firm with only “a secretary and driver and Gayle [his wife] hanging pictures in the office.” Then “people started showing up.” Thereafter, as he repeated the story to *Dealmaker* magazine many years later, “We got lucky. Things just kind of happened.”<sup>2</sup>

But there is a simplifying myth to the origin story of almost all enterprises. There is *some* truth to such stories but not the whole truth. Likewise, the story of how Robert Greenhill (the man) became Greenhill & Co. (the business) amid a spectacular albeit tumultuous period of expansion

on Wall Street and developed into a global publicly traded enterprise of some renown, is more complicated and interesting. It is perhaps even instructive.

As a starting point, it is critical to recognize that the business that exists in financial capitals around the world but is universally referred to as “Wall Street”, is a hypercompetitive one. Smart, extremely ambitious people are drawn to that business. There is the potential to create a sizable personal fortune, although those ambitious people routinely overestimate the probability of doing so for themselves. To maximize the money generated for participants, leverage in various forms is utilized, elevating risk. That risk is further exacerbated by the need for each firm continually to evolve to address technological innovations, changing government policies, economic cycles, fluctuating markets and new competitors.

Success in this realm is typically short-lived, and failure can be both sudden and brutal.

The combination of aggressive people who are free to withdraw their talents whenever they choose, high leverage, constant change and volatile markets explains why history is littered with stories of even the most highly regarded firms ultimately collapsing into liquidation or falling into the arms of a rival. Relative to the few dozen significant firms in this business today, many more have disappeared or been swallowed up by the survivors. In one way or another, the success of each of the survivors is born from the failure of others.

Competition within Wall Street firms is often every bit as ferocious as the competition among the rival firms. Just as in the case of star athletes, very few senior executives “go out on top.” Even among those few who achieve great success, most end up later failing. Some falter when wrong-footed by a shift in markets or a cleverer competitor. Others are brushed aside by people underneath them who believe they have made a strategic mistake, not kept up with markets, aren’t pushing their firm hard enough or have simply held onto their leadership post too long. And even for

those whose careers do not end in quiet failure or public humiliation, there are almost inevitably harsh setbacks along the way from which they must attempt to rebound.

“There are no second acts in American lives,”<sup>3</sup> *Great Gatsby* author F. Scott Fitzgerald famously said. That’s not completely true of Wall Street, although successful second acts are very rare indeed. It was Robert “Bob” Greenhill’s attempt at a second act that led to the creation of Greenhill the firm.

His first act played out at the storied Wall Street firm Morgan Stanley, which was carved out of the esteemed J.P. Morgan bank in 1935 in response to the Depression-era Glass-Steagall Act. That law required the separation of investment banking (various activities related to stock and bond markets) from commercial banking (principally the collection of deposits and making of loans). Morgan Stanley, thus, inherited at birth a commanding position in the investment banking business – the smaller but more dynamic of the two businesses that were separated.

From the start it benefited from being a prestigious brand, yet for many years it remained a remarkably small firm. As the firm was approaching its twenty-fifth anniversary, business writer Martin Mayer noted in the revised edition of his book, *Wall Street: Men and Money*,<sup>4</sup> that Morgan Stanley had a single office, fewer than a dozen partners, ninety-five total employees and only \$4.5 million in capital.

The firm’s genteel culture was one characterized by integrity, understatement and restraint, rather than the aggressive salesmanship that would come to define Wall Street in the years that followed. Yet its distinguished heritage led it to expect, quite justifiably for many years, to repeatedly win business from America’s leading corporations. Its simple mantra was the phrase J.P. Morgan’s son Jack uttered not long before Morgan Stanley was created in describing his bank’s strategy in Congressional testimony: “...first class business in a first-class way.”<sup>5</sup> The belief among Morgan Stanley’s partners and staff was that, if they did

business in that manner, new opportunities would continue to flow to the firm, thereby solidifying its preeminent position. And indeed, it was the firm, not the individual banker, that was paramount in the Morgan Stanley ethos.

Bob Greenhill was somewhat of an outlier relative to the historic Morgan Stanley culture – one of several men who sought to drag the firm into a new era characterized by increasingly intense competition. As historian Ron Chernow put it in his weighty volume *The House of Morgan*, “Greenhill was that Morgan rarity – a partner who emerges as a distinct personality in the public mind.”<sup>6</sup>

Bob joined Morgan Stanley straight out of Harvard Business School in 1962, having earlier graduated from Yale and served in the US Navy. He came from a modest Midwestern background and was not at all a physically imposing man. But his extraordinary energy, indomitable will and love of competition made him a memorable fellow who stood out from the crowd.

The firm of which Bob became a prominent part remained highly prestigious and discreet to the point of secretiveness, as demonstrated by the fact that even decades later (and unlike the two other firms that descended from the original banking house of J.P. Morgan), it refused to sanction a single interview with Chernow for his definitive history, nor even to answer his written inquiry as to why.<sup>7</sup> These characteristics helped secure for Morgan Stanley a position on Wall Street that remained far out of proportion to its size – there still being only thirty-four partners after Bob’s class was promoted in 1970. At that time, the firm’s perceived importance remained such that the election of new general partners merited a story in *The New York Times*. And so that July Bob and five others, including his Harvard Business School (HBS) classmate and fellow Baker scholar (signifying top 5% of the HBS class) Richard Fisher were profiled in connection with their election to the partnership.<sup>8</sup>

If the world of investment banking has always been a tumultuous one, then the era in which Bob made partner was no exception. What was at

stake was later clarified by the ultimate fates of what Chernow identified as that era's three leading firms alongside Morgan Stanley: Kuhn Loeb, which later got swallowed up by Lehman Brothers, which in turn later collapsed into bankruptcy, and First Boston and Dillon Read, which were each later acquired by large Swiss banks and ultimately saw their once respected brands disappear.<sup>9</sup> The major strategic issue of that day, and for the few decades to follow, was the importance of the traditional investment banking business (which involved raising capital by executing stock and bond sales for major corporations and therefore depended on the number and quality of longstanding firm relationships with blue chip clients) versus the trading business (which required more capital, involved greater risk and was seen as less prestigious, even as it rapidly grew in parallel with increasing capital markets activity).

The rivalry between those two businesses originated from the fact that their respective participants tended to be very different sorts of people. Only rarely did an individual move over the course of their career from one business to the other. Bankers tended to think those on the “sales and trading” side of the business were less educated, not particularly hard working, generated revenue only by using copious quantities of firm capital and were prone to taking risk recklessly. In turn, traders tended to think bankers were overeducated elitists who benefited from their social connections and toiled in a business that was neither as profitable nor as scalable as trading. A banker might be scorned as “a good knife and fork man” – in other words, skilled at dining with clients but not useful for much else. Speaking of entertainment, those on the sales and trading side were more likely to bring clients to a sporting event or strip club, while bankers were more likely to bring clients to an exclusive golf club or London's Royal Opera House. Thus bankers and traders were two very different animals that did not always coexist peacefully.

Beyond the growth in the relative importance of the trading business, other changes to the historic investment banking business model were also

emerging. As a young partner, Bob was put in charge of a newly formed merger advisory group, initially comprising only four people. What merger advisors would do was advise companies on what businesses to buy or sell (the threshold strategic question), when (a market timing question), how (the tactical question, often complicated by competitors seeking the same target), at what price (the valuation question) and how to finance that purchase price. But over time, the best merger advisors would come to play a role that went far beyond those technical functions. They were able to bring two negotiating parties to agreement employing the kind of “shuttle diplomacy” made famous by the American diplomat Henry Kissinger in various Middle East crises.

At the highest level, they exemplified the Yiddish word *macher*, someone who can make things happen – in other words, a dealmaker.

For many chief executives and their boards of directors, a major acquisition could be the most important decision of their career, and certainly the sale of their company would be that. Yet, while merger advice would turn into a \$30 billion annual fee source for Wall Street a few decades later, at that time it was viewed as an innovation simply to charge clients fees at all for such advisory work, rather than treating that as a free service provided to enhance client relationships and thereby garner more stock and bond underwriting assignments.

Stagflation and declining stock markets meant the 1970s were generally a grim period on Wall Street, but the contested and public nature of M&A transactions drew intense press coverage. Both the advisory business and the profile of its principal combatants grew over time. Bob’s colorful and aggressive personality was ideally suited to this new business, which came to thrive in the booming markets of the 1980s, when M&A became a sort of competitive sport for corporations and investors. The more that big deals happened, the more everyone was drawn into the game. As Chernow put it, “Greenhill personified the rock-’em, sock-’em style that would characterize Wall Street in the 1980s.”<sup>10</sup>

Despite its long history of success, Morgan Stanley began to suffer from the same internal struggles that had long characterized other Wall Street firms. For one, there was a developing tug-of-war between those who wished to remain true to the old Morgan Stanley image as a conservative, client-focused, prestigious but deliberately low-profile firm, and those who felt the need to grow and compete as aggressively as possible to ensure survival and maximize profits in an evolving and increasingly competitive Wall Street. Chernow noted that, by 1983, the latter view was winning, as Morgan Stanley had become “more tense and confrontational than in the old days, full of ambitious overachievers.”<sup>11</sup>

With several young partners including Bob jostling to lead the business, the firm followed a Wall Street custom of implementing a compromise solution intended to retain all the competing talent until the next generational change in leadership was required. In a nod to the firm’s history that would have been impossible for anyone to object to, the patrician S. Parker Gilbert was named chairman in 1984. Consistent with the firm’s history as an old-fashioned partnership, nobody held the title of chief executive officer (CEO).

For a firm still deeply enamored of its illustrious history, one could not imagine a person better suited to lead than Parker. His father, Seymour Parker Gilbert, was a J.P. Morgan partner, US Treasury executive and lawyer whose premature death in 1938 at only age 45 (when Parker was four) was reported in detail on the front page of *The New York Times*.<sup>12</sup> Parker’s mother then married founding Morgan Stanley name partner Harold Stanley. And to top that off, Parker’s godfather was the other founding name partner, Henry Morgan. However, an impeccable pedigree wasn’t his only qualification for the chairman role. Parker had the understated style and calm demeanor of an elder statesman, even though he was only in his early fifties at the time. He did not dominate a room, nor was he someone who liked to hear himself speak. But like the proverbial E.F. Hutton made famous through memorable advertisements

of the day, when he spoke, people listened. He was, therefore, in all respects the leader most likely to provide a bridge between Morgan Stanley's past and its future, all while holding together the firm's ambitious senior team.

As the private partnership prepared for its initial public offering (IPO) two years later, it continued its effort to retain all the competing talent by going out of its way to signal that, in fact, it was a four-person management committee who jointly led the firm rather than a single person. Thus, the headline of an obviously engineered *New York Times* article became "The Four Who Guide Morgan Stanley."<sup>13</sup> The story quoted unnamed "insiders" who said the four "operate[d] on a collegial basis, making important decisions by consensus," a claim that, if true, would have made Morgan Stanley an exception to industry norms.

Besides Parker, others in that leadership group included Bob Greenhill, now head of the powerful investment banking division (which included the merger advisory group) and his classmate Richard (Dick) Fisher, who had been named president when Parker became chairman. Fisher didn't have Parker's aristocratic background – he went to William Penn Charter School near Philadelphia on a scholarship before going to Princeton. An early bout with polio meant he used a cane much of the time. But he had Parker's diplomatic style and a polish reflective of the old Morgan Stanley. Rounding out the group of four was the cerebral Lewis Bernard, who was invariably referred to within the firm as the smartest of the group and held the dual distinction of being both the youngest person ever named partner and the first Jewish partner.

As common as uncomfortable shared management schemes are on Wall Street, so also is the short tenure of such arrangements. And so, less than 4 years post the firm's successful IPO, Parker Gilbert retired at the not-so-ripe old age of 56, thereafter devoting his energy to trusteeships with the Morgan Library and Metropolitan Museum of Art, as well as long-time leadership of the exclusive National Golf Links of America in tony

Southampton on Long Island. Dick Fisher was named chairman, Bob Greenhill president, and still there was no chief executive. The two men jointly signed the annual report and important internal memoranda, striving to create the image of a dual-headed business, consistent with the manner in which its archrival Goldman Sachs was managed in that period.

This partnership between two former classmates did not prove to be a stable one. Partly to blame was the fact that Dick hailed from the trading side of the firm, which was growing in scale and importance, while Bob came from the investment banking side, the firm's legacy business. Another factor was that Bob was always laser-focused on doing deals for clients, while Dick was more strategically minded at a time when financial services business models were evolving at great speed. Bob's focus meant he had little interest in management tasks and was often away visiting clients, while Dick was a natural manager and generally at the headquarters running what was an increasingly complex, large and rapidly growing global business.

Consistent with academic finance theory that diversification can provide a smoother stream of profits and thereby reduce risk and increase valuations, Fisher led the firm to expand geographically, scale up its trading business, increase its use of technology and acquire asset management businesses to provide further diversification. At an offsite conference held in suburban Westchester County for all firm officers (those ranked vice president and above), one of the leading bankers of that day for financial services firms presented the valuation metrics for a wide range of firms in that sector.

At the top of the heap was the huge insurer American International Group (AIG), which was seen as having tremendous scale, a highly diversified business, the most stable earnings and therefore the highest valuation metrics among the numerous financial services firms in the stock market. In presenting this analysis to its senior team the firm led by Fisher tried to reach beyond the obvious peer group to an even greater

prize. Never mind that AIG would one day fall into almost full ownership by the US government to avert a feared collapse of the financial system. At that moment, it was in a position to aspire to, and thus helped propel the desire for ever-increased scale and diversity of income streams at Morgan Stanley.

By early 1993, Morgan Stanley had grown to 7,500 people broken into ten divisions, signifying the increased complexity of the business. The uneasy partnership at the top was no longer tenable, and so a *New York Times* headline in early March read, “Morgan Stanley Changing Its Leadership.”<sup>14</sup> John Mack, a former bond salesman who had been named head of a newly formed global operating committee a year earlier, was named president, and Bob Greenhill was pushed into a “senior advisor” position, a nonmanagement role with a meaningless but frequently used Wall Street title, with which he was to focus entirely on working with clients.

Mack was a charismatic and natural leader, yet far from the prototypical Morgan Stanley senior executive of yesteryear. A former college football player at Duke who came from a Lebanese family, Mack exuded the confident swagger and intimidating power of an athlete who played a physical sport, who wasn't afraid of conflict, in fact perhaps relished it. He had maneuvered skillfully to push aside Bob, who had continued to be regularly on the road with clients and was neither interested in, nor skilled at, office politics.

The *Times* noted that the management move was “a reminder that Morgan Stanley's traditional strength as a financial adviser to large corporations ha[d] been heavily supplemented in the last two decades by its securities sales and trading.” A great salesman himself, Mack was well-suited to manage a growing sales and trading business in a bull market, always pushing his team to be more aggressive to win more business.

As always, the firm tried to paper over the conflicts that were readily apparent in the management move. Bob was quoted in the *Times* story with a statement that, while it must have been difficult to say after being

stripped of both title and management responsibility, was as true as any he ever spoke: “My greatest satisfaction has come from hands-on direct involvement with clients.”

Bob Greenhill was well-known for his relentless focus on dealmaking and disdain for all aspects of management. But even the most junior personnel in the firm knew that he was a highly ambitious man still in his prime who would not remain at the firm long with a lame title like “senior advisor.” So it was absolutely no surprise when, a few months later, Bob announced that he was leaving. Nor was it surprising that, to prevent Morgan Stanley from preempting his planned attempt to take key people with him, he waited to make his move until Fisher and Mack were both away from New York, and then refused their request to hold off on the announcement. What *was* a surprise was that he was becoming chairman and chief executive of Smith Barney, a huge retail brokerage firm owned by the conglomerate Primerica controlled by Sandy Weill, the legendary Brooklyn-born financial services dealmaker who was a longtime client and friend of Bob’s.

Smith Barney employed a vast army of retail brokers focused on servicing the so-called “mass affluent.” It was widely known for its advertising slogan voiced by the British American actor John Houseman: “We make our money the old-fashioned way; we *earn* it.” Morgan Stanley-style investment banking was a very small part of Smith Barney’s business, and Weill was anxious to change that. Thus the management task Bob took on was far greater than the one he had faced at Morgan Stanley. Moreover, the people he would be managing were largely in a business in which he had no experience.

With a mandate from Sandy Weill and a desire to prove something to Morgan Stanley and to Wall Street generally, Bob set out to build a full-service investment bank. Stories, ultimately proved accurate, quickly emerged of huge pay increases being offered as part of multiyear contracts. In the end, after trying for far more, Bob took about twenty

bankers of varying levels from Morgan Stanley. Those he took were typically among the most aggressive of the firm's bankers – those more in Bob's mold than that of Dick Fisher and the old Morgan Stanley.

Notwithstanding the energy (and money) expended in launching a new competitor into the investment banking world, the new venture did not prove a success. Few had expected it would. Less than two years into the effort, a *Times* headline declared that the “Smith Barney unit [was] shaken by infighting.”<sup>15</sup> The article explained that Bob's recruits and the legacy Smith Barney bankers had “split into warring factions.” Of course, the split related to compensation, a topic that always becomes contentious when a difficult year comes, those with contractual guarantees are unharmed and longer-term employees bear the cost of a shrunken bonus pool.

*The Times* further reported that, because of the conflict, James (Jamie) Dimon, Sandy's youthful right-hand man and future longtime chief executive of the modern J.P. Morgan, had taken “a more hands-on role at the firm.” Later, early in 1996, a year after the internal conflict had first bubbled into the public domain, Greenhill was replaced as head of Smith Barney by Dimon. As when Bob was demoted at Morgan Stanley, the various parties said what needed to be said to save face and protect reputations. Bob was quoted echoing the statement he had made at that time: “Frankly, dragging around the administrative burdens of running a large firm, I'm not made for that.”<sup>16</sup> Sandy sounded a similar note, saying he had reluctantly concluded that Bob “could do what he does best outside the company.” Meanwhile, Dimon was more circumspect, saying “time will tell” whether the investment in Bob and his team was a good one.

As time passed, the assessment of what had transpired became more candid. Later that year in a profile of Dimon, *Bloomberg* reported that “Dimon's and Weill's initial foray into investment banking proved a chaotic and costly embarrassment.”<sup>17</sup> Still later, Weill wrote in his autobiography

that “[h]iring Bob Greenhill proved more disruptive to our management process than anyone ever imagined.”<sup>18</sup>

The year following Bob’s departure, Sandy’s financial services conglomerate, by then renamed for its Travelers insurance unit, made another much larger foray into investment banking, this time acquiring the major Wall Street firm Salomon Brothers for \$9 billion. And in the year following that, Sandy pulled off another merger – one with banking giant Citicorp. Later that year, further demonstrating the tenuous position of those atop Wall Street firms, Jamie Dimon abruptly resigned as president of the combined business after a falling out with his career-long mentor Sandy.

In the same interview in which Greenhill’s departure from Smith Barney was explained, Bob announced, without fanfare, his second attempt at a successful second act to follow his time at Morgan Stanley. *The Wall Street Journal* did not cover the story, and *The Times* and *Bloomberg* noted it only in passing that, at age 59, he would start a new investment banking boutique, Greenhill & Co., along with one young banker who had followed him from Morgan Stanley to Smith Barney. He said he hoped to recruit ten more bankers to his new firm.<sup>19</sup>

As Bob was later fond of reminiscing, soon enough people started showing up.

