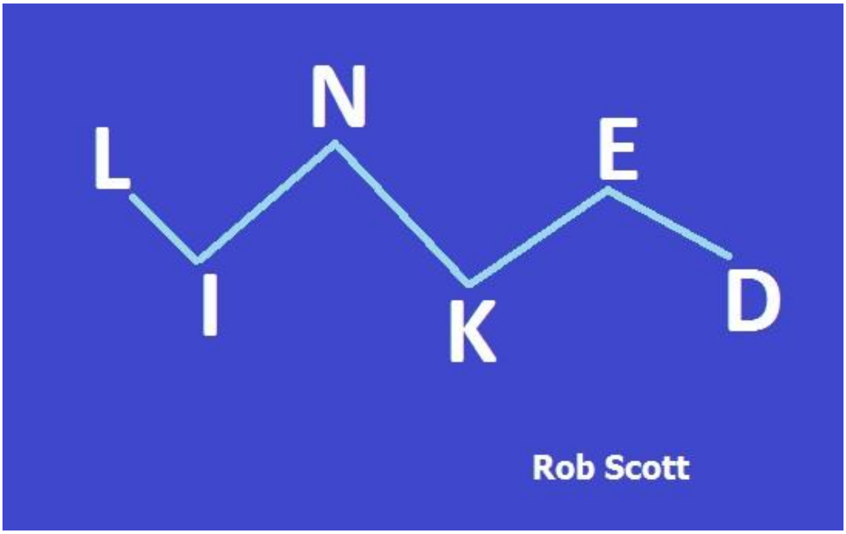
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Chapter 1: Where is Tallman?

July 2018 an Oil Co. repurchases $25 billion of common stock
Same year … that same Oil Co. lays off 10,000 employees

"Well, life's not fair, get used to it" is what my Dad would say to end a conversation not going anywhere after I or anyone in my family complained about it. We just accepted it as the only true answer and believed that others understood it the way that we did. It was as if the statement came straight out of the Bible, was vetted, blessed, and universally translated as the Gospel. We never, ever, considered "unfairness" to be a negotiable term to be debated or considered as anything other than a staunchly respected truism. It just was.

However, Millennials would rather be fired over defending something they believe as fair than to compromise on something they feel is not fair. It is the most peculiar thing, and I feel strangely guilty yet proud of them for it.

I guess I just got tired of being pushed around from job to job, each time a recession occurred, about every five years. In Houston, Texas you are supposed get used to it, I suppose. It is bullshit really, the few guys at the top of the corporate food chain consume 75% of the compensation package while thousands of grunts at the bottom live off of the remaining 25%. It is not fair and it is the same “they” that gave birth to the millennial generation, the very ones that claim entitlements today. I completely understand the argument that rules do not apply when they are inherently unfair. There is nothing fair about compensation. If you need it badly, you get the least of it, if you can take it or leave it, you get more. If you can prove your allegiance to Satan and are an asshole, you are promoted and if you run the insane asylum as head asshole, you make a lot more. But the most is reserved for the truly ruthless bastard who ate his father upon entering this world.

Millennials were not raised by parents, they fended for themselves, constantly attempting to negotiate for love, affection and time; but privileges were showered upon them without merit because their parents failed in providing their basic wants and needs. Mom programmed them to detect fairness, but Dad installed the processor, equipping the child to decipher every single kind of reasonable desired outcome. It is Mom's touch that pushes the buttons that seek out the maximum return to Dad's definition of available options.

This whole mess we are in now, the CEO versus the Intern is because of poor dynamics of a dysfunctional home life, plain and simple. It is a battleground, and employees are being enlisted to fight for a cause that they have no idea how to define, but they just know they don't like the young punks replacing their fifty year old wrinkled, cellulite lumped, asses in round after round of layoffs. The magnitude of destruction that is being brought upon the corporate landscape is massively huge and relentless. Millennials are stronger than the exhausted executives give them credit for. When they win, they will prove that fairness is the prescription to cure their governing disorder.

Chapter 2: In the Beginning

Launched on May 5, 2003, LinkedIn is used mainly for professional networking, including employers posting jobs and job seekers posting their resumes. Most of the company's revenue come from selling access to information about its members to recruiters and sales professionals. It reached profitability in March 2006. LinkedIn allows members made up of both employees and employers to create profiles and "connections" to each other in an online social network which may represent real-world professional relationships. Members can invite anyone, whether an existing member or not, to become a connection. In this "gated-access approach", where contact with any professional requires either an existing relationship or an introduction through a contact of theirs, it is intended to build trust among the service's members. May 19, 2011 it went public at $45 per share. It closed that day at $94.25

per share, valuing the company at $8.9 billion. At that time, profits were $19.4 million on $123 million in revenue. The description of the company was reported in its IPO as being the world's largest professional network on the Internet with more than 100 million members in over 200 countries and territories allowing members to create, manage and share their professional identity online, build and engage with their professional network, access shared knowledge and insights, and find business opportunities, enabling them to be more productive and successful. On December 8, 2016, Microsoft acquired LinkedIn for $26.4 billion. Analysts believed Microsoft saw the opportunity to integrate LinkedIn with its Office product suite to help better integrate the professional network system with its products. As of 2018 there are over 500 million LinkedIn members. Job recruiters, head hunters, and Human Resource personnel are increasingly using LinkedIn as a source for finding potential candidates. By using search tools, recruiters can find members matching their specific key words with a click of a button. They then can make contact with those members by sending a request to connect or by sending InMail about a specific job opportunity he or she may have. Recruiters also often join industry based groups on LinkedIn to create connections with professionals in that line of business.

Her phone began to ring. Laura Rankin looked at it, the display read Don Davis “Moby Dick”, it was seven o’clock in the evening on a Thursday in August.

Laura answered “This is Laura”.

“Hello Laura, this is Don Davis, Vector Capital, are you able to speak with me right now?”

“Sure Don. How are things at the hedge fund?” It had been several weeks since Laura had tried to contact Don about filling positions for him. She regularly sent to him materials about her recruiting agency NRI Networks or Neural Rankin Interests Networks. She prided herself on marketing the intelligence of others. If anyone needed someone smart to fill a position of employment, Laura advertised that she knew the top candidates for those kinds of jobs.

“Laura, I need a top dog in change management, someone who has proven ability to turn around a Chemical Distribution company here in Houston. I need someone good and fast that can fix Allied Chemicals and make it more profitable and smoother in profit streaming. As you may know, Vector owns fifty-one percent of Allied Chemicals so we have the power and the right to put into place any person we desire to run the company. I need a Rock Star and I need one fast.”

“Don, I understand you need a person fast.”

“No, I need a Rock Star fast!”

“Okay, what’s the pay?”

“Laura I am willing to do a sweeter deal than most of my past arrangements, say two-ten and a stock option of two million shares at a strike of twenty-eight dollars.”

“Hold on, let me get something to write with. So Allied revenues are at what, about $800 million so ‘two’ would be 0.002 times revenue or $1.6 million salary and ‘ten’ would be 0.01 times EBITA or what about $35 million so that would be $350,000.00 and the Allied share price is, hold on, let me look it up, ah, yep $27.00 so if he is able to do something mediocre and remain slightly positive on results he can expect to make two million dollars, but if he does something better, say gets stock above $30.00 per share he is looking at six or eight million or so.”

“Do you know of anyone?”

“Yes, I do, but I must warn you he is not used to that kind of money.”

“So he has turned around companies before?”

“No, not exactly.”

“Then what’s his deal?”

“Well he makes due on a lot less than you might offer him, but he has turned around entire logistics departments. His chemicals background at Ashland Chemicals, Altiras Chemicals, and his interactions with BASF and other chemical manufacturers makes him a perfect fit for what you are needing, but he has not ever crossed the quarter million mark on income. If you offer your standard deal, I am sure he will appreciate it. With the added kicker of the stock options, he will most definitely take that deal.”

“See if he will meet with me.”

Chapter 3: Letting the Days Go By

When you find yourself at forty-six years old and not much more responsibility than a day job and night wife, and children being raised by their single mom of her choosing, the highlight of the week just may be the Thursday night poker game. Sex, if attempted, may also rank higher but poker night is up there on the leader board as getting together with friends in a competitive manner is fun.

I'm Frank, the forty-six year old Logistics Rock Star that has never made more than $250,000.00 a year doing anything. By every kind of measurement of intelligence, I am smart, some might say I am a genius, with an IQ of 155, having solved all kinds of chemical distribution problems, making my bosses and their bosses rich beyond their wildest imaginations. All I ever desired was to break a hundred thousand dollars in annual salary. But that had become the most elusive thing to me. A Unicorn. When negotiating for a salary in Houston of a hundred grand, when everyone else is willing to accept $60,000.00, is a hard sale to close upon. When you state a number like it, it is like a trip wire being set off and the negotiator suddenly feels compelled to prevent that number from being part of the range of the offer. Never mind that my successes have proven to save companies over a million dollars a year, that I deserved to benefit from those spoils, a finders' fee, anything but just an Atta-Boy. When someone knows the value that they bring and make at a company, and they hear their boss say no to a raise and yet the boss is bequeathed bonus and more, it is very difficult to accept the pittance being paid. It makes that somebody want to change jobs, to cast loyalty aside, to accept the next best challenge and to see if the money follows the seized opportunities that are accomplished. Every Thursday night Alan, Michael and I invite a top performing co-worker to our game.

Alan runs an Electrical Contracting firm in The Woodlands otherwise known as South Dallas. The Woodlands is the second most fastest developing area in Houston. It is a sprawling area of 28,000 acres at the northern most point of Houston. 200,000 people who live up there don't associate themselves as living in Houston, rather they consider themselves an elitist oasis of rich people, with median household incomes of $113,243.00, living the Howard Hughes Development way, and eligible to receive their own federal transportation funds.

Michael runs a Construction company in Katy or East San Antonio. Katy is the fastest growing area in Houston. Named after the MKT Railroad Company, stock symbol KT, the area was previously settled by the Karankawa Indians back in the 1600's, who grew Sugarcane along the Buffalo Bayou. It is an ever-expanding 120,000 acres at the western most point of Houston. 270,000 people who live over there are divided into three counties (Harris, Fort Bend and Waller) and since 1966 with the opening of Interstate-10 the rapid development of Katy has been underway. Home to the Energy Corridor, since the 1970's, the seven-mile stretch of I-10 houses twenty-six million square feet of office space and employs over 105,000 people working for about 300 oil & gas companies.

I live in Kingwood, created in 1971, a 15,000 acre Master Planned Community also known as the "Livable Forest" at the northeast point on the outskirts of Houston, close to Highway 99, otherwise known as the Grand Parkway, the explosive super-growth transportation corridor completing a 170-mile loop around Houston. The Grand Parkway is comprised of eleven segments started in 1924 and slated to be finished in just a few more years. Each segment completed is followed with tens of thousands of acres of developed land.

On a map, looking at Highway 99, the Grand Parkway, Alan lives dead center between Michael to the West and myself to the East. Because of this fact, I take a rising star coworker from my place of employment up to The Woodlands and Michael takes a rising star coworker from his company to The Woodlands. It would be too far to travel collectively if we were to alternate hosting houses. It is not an expense problem but a problem of time. It would waste far too much time if we were to drive all over Houston to meet up each Thursday night.

Chapter 4: Thursday Night

Every Thursday night, Don Davis, Hedge Fund Manager of the $30 billion Vector Capital portfolio of Oil, Gas and Chemical Companies, makes his way over to the highly elitist Memorial Park area to Brenner's on the Bayou for dinner. After a bottle of Bond Pluribus 2013 with his Herb Marinated Ostrich Tenderloin settling his bill at $1,150.00 after tip, Don heads downstairs to the luxurious high-energy patio bar situated along the Buffalo Bayou. While sipping upon a Tanqueray and Cranberry, Don pondered his Chemical Distribution Company, Allied Chemicals, leadership problem. For three years, from 2015 through 2018, revenues and profits spiraled down. At the height of the Oil boom, Allied revenues were just shy of a billion dollars. Today, at $789 million, coming off the lows and increasing contract valuation trajectory, the lack of profits from this asset is dragging down the overall performance of the Vector portfolio. Once a shining star in the portfolio, the Allied asset was responsible for ten percent or $3 billion of it, but today it is an alpha nightmare, once EBITA of a hundred million in profits on $972 million, today it collects a measly $35 million.

Don texts his right hand man, portfolio manager Trey “Pinky” Pinkerton, “Where do we need to be on EBITA with Allied?”

“Minimum $65 million, $80 desirable, anything over $90 is marketable”

“How hard is it to make profit, we buy, we sell, why would it ever be less profit than our pricing model?”

“Distribution, Logistics, Transportation, Trucking, Rail, Barge” said Pinky.

“So we need a Logistics expert to run Allied?”

“Bingo”, Pinky confirmed.

“Thanks” said Don.

Laura Rankin, just finishing her game at the Top Golf in Katy, heard her phone ring, and answered it, “This is Laura!”

“Hey Laura, Don again. Can you make the candidate a Logistics expert?”

“Yes, that is exactly the guy’s profession.”

“Well, set up the meeting, let’s go already.”

“Alright, give me a few hours to prepare him.”

“What’s to prepare, just get him in here!”

Laura drove a few blocks away to the Cellar Door, bought a bottle of Cakebread, a Napa Chardonnay, and took her usual seat towards the back of the venue where it was dark and quiet and proceeded to call me.

“This is Frank” I said as I dealt the hand of Five Card Stud.

“Oh come on! Alan yelled at me, “Are you going to play or not? Get off the phone!”

“Oh no, Frank, I think I can hear that you are busy.” Said Laura.

“Yep, I am, can I call you back?”

“Yes, within an hour please, it’s about a job, this is a big deal.”

I hung up and lost the hand, the whole time wondering what a big deal would be like. As soon as Michael got up to tinkle, I excused myself outside to call Laura back.

“Laura, this is Frank, calling you back.”

“Thanks, Frank, for your call. I have a huge opportunity for you, if you are interested. It involves your background but the responsibility is a little bigger than you have done so far. Are you familiar with Vector Capital?”

"No, why?"

"They own Allied Chemicals. Do you know them?" asked Laura.

"Yes. They distribute chemicals, they are pretty big. Do they need a Logistics Manager?"

"No. Close though, they need a CEO. Do you want a crack at it?"

"Sure. May I ask what the pay is?"

"The range is two million to eight million, depending on what you can do"

"Wow, that's a nice opportunity! I'm in. When do I start?"

"Frank, we have a lot of prep work to do before you can meet the leadership of Vector Capital the $30 billion hedge fund that wants to replace the present leadership at Allied with you."

"Okay, teach me."

“Hey, Frank!” Alan yelled out the front door at me, “You playing or not?”

“Ok, I gotta go, can you teach me tomorrow?”

Laura replied “Long lunch tomorrow, I’m buying.”

“You got it, Laura, see you tomorrow.”

Laura, if placing me with Vector/Allied, stands to make fifteen percent of my signing compensation of two million dollars or about $300,000.00 in a check written directly to her.

Chapter 5: Happy Friday

"Frank, what's the most you have ever made in a year?" Laura asked.

"Ninety thousand" I said.

"Well two million is a whole different ball game. It sounds like a lot, and it is but you don't get to keep all of it. The government takes half."

"I'm sure I will manage to live on the other million left over" I said as I smiled.

"Cute. What is your game plan, what are you going to do starting day one?"

"I have no clue", I said, and "What's wrong with the present situation?"

"EBITA is too low. It is presently at $35 million, it needs to be closer to $90 million"

“What are revenues at right now?”

“$789 million”

“How many employees are there?”

“Two hundred”

“Sounds like I need to reboot the compensation package for the employees, aligning their activities into cost and profit buckets and rewarding the profitable behaviors to kick start the Machine.”

“The Machine, what the hell is that?”

“The system, the process, you know, like a machine, something that when started runs perpetually and generates the profits.”

“Okay, definitely talk about that with Mr. Davis, he will want to know more.”

“Laura, what happens if I succeed, what will that look like?” I asked.

“The sale of the company at forty times EBITA.”

“So at $100 million EBITA, the company sells for four billion dollars”

“Yes, that’s how math works. Allied Chemicals is worth $1.2 billion today, it is dragging down the portfolio immensely, and the profit margin is a huge drain on the portfolio average.”

“What if I fail?”

“Oh, no biggie, Frank, you will never be able to work in this industry ever again. Every reporter in the world will be up your butt reporting that they told you so, that it was an inevitable ending to the shortest career that a CEO ever had.” Laura folded her arms as she smiled.

“Okay, give me until tomorrow to decide on my plans to interview with Mr. Davis. I want to run it by my wife, Lynda, tonight.”

“Look, Frank, this is a one-shot deal, if you don’t try it or if you fuck it up, it proves I am an idiot and we both have egg on our faces. Convince her you can and will do this, Frank. I need this just as much as you do.”

It was hard to concentrate at work. I was counting the clock, not doing a damn thing and when it turned 3:30 pm I turned off my cell phone and went home.

“Lynda, honey!” I held out my arms and went in for a hug.”

“What are you doing home so early today?” she asked.

“Oh, I got offered a job at Allied Chemicals”

“Oh, yea? Are you thinking about leaving?”

"They want me to be the CEO" I smiled.

"You're not serious" Lynda chuckled.

"Dead serious. Two million reasons to take the job too!"

"Two million dollars?"

"Should I take it?"

"What do you have to do for it?"

"Oh, just triple EBITA in a year"

"Do you know how to do that?"

"I have a good idea"

"No, no, not your 'self-management' plan again. Sweetie, no one is going to go for that."

Chapter 6: Bats in the Belfry

"So, Frank, Laura tells me you have a plan, some kind of machine you want to tell me about for the position over Allied Chemicals. Exactly what kind of machine is it?"

"Mr. Davis, sir, if I may elaborate, the plan is slightly complicated but I assure you it will work as does a well-oiled machine. It's not a machine, it's a plan, a very good plan, sir."

"Please call me Don. Now I am all ears, tell me about your plan."

"Right, so Allied Chemicals has 200 employees today. They can be easily divided into activity-based costing functional areas where each person creates revenue or controls a cost. For simplification, four buckets of real work that is performed: sourcing chemicals, making sales, arranging logistics, and collecting money. Each job is incentivized with a share of the profits. Ten percent per function, so Allied Chemicals pays out

40% of profit to the employees and retains 60% as EBITA on every sale made."

"Okay, I am listening"

"Right, so it's scalable, it can get really big, with the average employee pulling $150,000.00 paychecks per year, and with the added bonus at Allied Chemicals that underperformers will leave on their own accord and over-achievers will be happiest and remain forever. It is managed by KPI's and does not require a hierarchy to supervise them."

"Alright, you lost me Frank, say that last part one more time."

"No hierarchy of President, Vice Presidents, Managers, Supervisors, etc. The Key Performance Indicators and score card mechanisms self-manage the employees into maximizing profitability and minimizing costs in an appropriate, self-management way."

“Who hires and fires, Frank?”

“I do!”

“Let me get this straight, you want to gut the management layer costing me six million dollars a year, and implement a KPI scorecard paycheck system that you implement and trust that two hundred employees are going to behave, get along nicely and not kill each other fighting over work that they are going to maximize their paychecks by? Are you fucking stupid or something?”

“No, that’s the plan”

Don had a blank stare looking just past me, over my shoulder at a big painting of an eagle with outstretched wings landing onto a branch with a caption below stating “We Go Forward”. He paused what seemed to be an eternity and smiled and said “And if we fail, then what?”

"It's an all or nothing proposition, if it works it works really big, if it fails, it goes down in flames, but it is the risk we take to do something truly great, to make it really big. That's where I am heading. I want to do something really good, please just let me try this."

"It sounds to me like desperation"

"Aren't you?"

"Am I what?"

"Desperate. Isn't that why you are willing to talk to me? Aren't you out of ideas and wanting to know what I might could do?"

"Well now, Frank, there is desperate and then there is crazy."

"Are they so different?"

"No, I guess not"

"So I can do it?" I held out my hand to shake on it. Don just stared at me for a moment. He hesitated on the hand gesture, shook his head no, and then I felt the clammy son of a bitch's hand and saw his smile and knew I was given the whole fucking rodeo.

"When will you start?"

"In two weeks."

Chapter 7: The Top

It's lonely at the top they say. Fucking pansies. Who gives a shit if it is lonely, it's the fucking top. I suppose it is supposed to matter that people want to see me fail at the boss job. People are jealous of big salaried people. People want my job.

Reporters catch wind of stuff so fast. Well, actually pissed off underlings tip them off very fast so they come knocking right away to anything strange or interesting to report.

"How are you going to manage 200 people by yourself?"

"Very carefully" I said.

Doing less is the unfortunate norm, as salaried employees feel underappreciated making far less than the boss. The computer system at Allied Chemicals was built on an AS/400 mainframe, an ancient dinosaur, but lucky for me I knew some programmers used to the archeology of IBM's old blue box. When you have an open ticket at $200 per hour billable expense sheet presented to some programmers looking at retirement in a few years, you get what you want.

From what I could tell, at Allied Chemicals, productivity was at an all-time low. No one seemed to care with urgency to complete loads, make sales or collect money. Supply leads poured in but no one seemed to care to "find them homes". We were just barely afloat, the cash flow was a train wreck and paying bills had become a shell game. Reporters far and wide were cranking out stories on the shambles we were in.

Chapter 8: Re-tooling Allied

Day one on the job, I realized a massive effort was needed to realign all jobs, responsibilities, focus and pay to a standardized, transparent and performance measurement system such that all employees, both young and old could thrive. We distributed chemicals, we found them, bought them, sold them and transported them from the seller to the buyer. It was a very simple system but the management of it had become so complex and seemingly unfair to most employees. The CEO is paid four million dollars, the President and Vice Presidents consumed another four million, while all the workers consumed in total just under two million. The $789 million of revenues less the $748 million of cost of goods sold and six million of salaries meant that $35 million of profit remained. My job was to maximize the profits beyond $35 million. I chose to do so by changing the rules in favor of those who do the bulk of the profitable work. Everybody got a score card and was measured upon profits accumulated by minimizing costs upon revenues achieved. It was a system of self-management that did not require a hierarchy of presidents, vice presidents, managers, supervisors and the like. All that was required is for a person to perform work that maximized revenue, minimized cost and produced profit from which the employee was paid a share of. Screw status quo, I will self-govern this bitch into excellence.

The basis of the compensation system was Key Performance Indicators (KPI's) and everyone was scored by them. Each job had a slightly different set of KPI's. Every job was performed in a sequence of keystrokes into the computer system. A sale generated revenue and started the process. The cost of goods subtracted from the revenue and produced a basis for profit. Every task between cost of goods sold and collection of proceeds was the profit making activity and every activity had a basis of cost. Revenue worthiness less Activity Based Costing equaled a paycheck metric.

For Example, 50,000 gallons of Hydrochloric Acid 85% is located in Austin, Texas. It is desired in Dothan, Alabama. The price to acquire the material is $1.25 per gallon ($62,500.00). The price offered by the buyer is $1.65 per gallon ($82,500.00). The cost to transport it is an industry standard of 836 miles at $2.25 per mile times ten loads ($18,810.00) allowing profit to accumulate as $1,190.00 or gross profit of 1.44%, subtract commissions and salaries and hierarchy carrying costs and EBITA is about $175.00 or 0.28%. Under the status quo system, the deal was done, Accounting paid the supplier and paid the carrier and collected the proceeds from the buyer. It paid 25% commission upon profit to the sales person. It paid the accounting and logistics personnel a salary and accumulated the rest for the executive staff. But under my newly implemented system, there are four entries into the system. Sourcing employee enters the material and cost, paid 10% of profit accomplished upon a future sale. Selling employee enters the material and sales price, paid

10% of profit accomplished. Logistics employee determines lowest cost to transport and dispatches truck, paid 10% of profit accomplished, accounting employee collects proceeds and is paid 10% of profit. CEO is judged upon 60% of profit remaining (EBITA). There are no Supervisors, Managers, Vice Presidents, President, etc.

Under the paycheck metric system, every completed transaction produces a portion of the paycheck. If an employee is willing and able to complete all the tasks and enters them, then he gets 40% of the profit accumulated. The system is a free-for-all paycheck grab system where speed, accuracy and best practices win actual paycheck accomplishments. If a worker is slow, un-caring, not smart, or otherwise not capable of excelling, their paycheck will remain low and they will leave on their own accord as they will not be able to survive on the paycheck accomplished. Perhaps the employee is a Logistics Rock Star and is capable of reducing the traditional costs of logistics, their KPI is a measurement of industry expectation less their accomplishment or a bonus effect whereby that individual obtains 25% of the industry difference delta.

Sourcing KPI (85% HCL) = $1.25 per gallon purchase price
Sourcing Actual = $1.20 per gallon (bonus = $0.0125 per gallon sold to Sourcing entry person)

Logistics KPI (85% HCL) = $1,881.00 per tank truck
Logistics Actual = $1,650.00 per tank truck (bonus = $57.75 to Logistics entry person)

Sales KPI (85% HCL) = $1.65 per gallon sales price
Sales Actual = $1.70 per gallon (bonus = $0.0125 per gallon to Sales entry person)

Accounting KPI (85% HCL) = 1.25% net 15, 0% net 30 days
Accounting actual = collected in 20 days, no discount given to buyer (bonus = 0.0083 x profit = $7.06)

Souring person = $85.00 + $62.50 bonus = $147.50
Logistics person = $85.00 + $57.75 bonus = $142.75
Sales person = $85.00 + $62.50 bonus = $147.50
Accounting person = $85.00 + $7.06 bonus = $92.06

Revenue = $8,500.00
COGS = $7,650.00
Profit = $850.00
KPI pay = $529.81 (4 well paid people)
EBITA = $320.19 (3.8% gross margin)

When ramped to $800 million
COGS = $720 million
Profit = $80 million
KPI pay = $32 million (200 well paid people; 50 per department)
EBITA = $48 million (6% gross margin)

When ramped to $1 billion
COGS = $900 million
Profit = $100 million
KPI pay = $40 million (250 well paid people; 60 per department)
EBITA = $60 million (6% gross margin)

When ramped to $2 billion
COGS = $1.8 billion
Profit = $200 million
KPI pay = $80 million (500 well paid people; 125 per department)
EBITA = $120 million (6% gross margin)

Entitlement with a purpose can be a good thing; it can increase creativity and lead to innovative, unusual solutions to problems, the kind of out-of-the-box thinking that organizations and employers encourage. Whether deserved or not, a sense of entitlement enables people to think and act differently from others, and the more they do so, the more willing and able they are to generate creative ideas. Entitled people are defined by those that believe in the sanctity of the status quo. Those that act as entitled do not define themselves as such, rather they believe in the sanctity that all are truly equal, that if a person has special privileges, that all deserve those privileges, if a person has access to scarce resources that all deserve access to said resources, and so on and so on.

Entitled people don't follow status quo because they see it as unfair. The use of resources or power over those resources are deemed as unfairly accumulated by those that have the power and resources. Capitalism is regimented, with a few rich old people having all the power and control over all the good resources. It is often perceived as unfair due to the fact that throughout history the elitist few had the power and resources and continue to rule unchallenged today keeping the resources and power within just a few elitist families. The rich have remained rich and have become much richer over time while the not-rich have become poorer over time, the execution of a program of wealth transfer to the rich over time. Socialism is perceived as more desirable whereby the state owns all the good resources and if your idea is good enough, promoting the greater good, you can petition the state for the power to use the resources and be granted those resources for your greater good use.

The elitist and rich define the sense of entitlement as an unrealistic, unmerited or inappropriate expectation of favorable conditions and favorable treatment at the hands of others. The belief that one is inherently deserving of privileges or special treatment. But those opposing this view, often called entitled individuals, believe that it is unfair for the elitist and rich to hoard the good resources and power over those resources, preventing more good from being extracted from those resources.

The entitled millennials, particularly those who haven't earned their stature through promotions, through their own hard work, in payment of dues over a long time, would rather take a loss themselves than agree to something unfair. Some have correlated high scores on entitlement measurements with difficulty complying with the rules of the experimental task. Attempting to understand why they ignored the rules, researchers found that fairness was the primary reason. They come across as indifferent to others because they demand that the power and resources be free to use as the best use for the greater good. They believe everyone is inherently equal, that no one is correctly an elitist. That's why they often provoke such negative responses in those they encounter, especially those they don’t personally know. That may be the most significant fact about entitlement; that silent signal that our negative feelings have been triggered by it. To balk at social convention, rebel against limitations on our autonomy or prohibitions on our preferred behavior is displeasing to those who have power over desirable resources or to those that believe in the status quo.

If we are all truly equal, then no one is more special than another, no one deserves more special treatment than another, no one is more deserving of using resources than another. This is a jarring and abrasive notion to those who believe the status quo system is right as rain.

In a traditional company there is a large hierarchy of Presidents, Vice Presidents, Directors, Managers and Supervisors, none of which produce meaningful revenue streams, profits or cost reduction activities. What I had built by the AS/400 programmers was an intuitive system whereby only revenue and cost controlling activities were required. If you didn’t perform a revenue or cost controlling function, you were not necessary. In essence, the lower rank and file employees were entitled to the keys to the proverbial kingdom. No they had not paid their dues. But they were granted $150,000.00 incomes and allowed free reign to choose what to do and how to do it, without someone telling them what to do.

The system was beautiful. Data entry was intuitive. When you logged into the system, it populated the process owner and paycheck metric for the task being completed. Doing sales on the side, Harold Busack processed logistics loads alongside of fifty other employees entering logistics data. Tim Cronox asked Harold for a load of Benzene at $1.35 a gallon. Harold saw that a source existed at $0.90 a gallon and the specification sheet loaded from the sample proved it was in spec for Cornox. After tallying the logistics costs to deliver from Houston to Atlanta at $0.42 per gallon, Harold completed the sale. While profitable on an extremely low margin of three cents a gallon times 5,000 gallons or $150.00, Harold was able to collect 20% of the net or $30.00.

Upon logging in to the system, the menu for downloading more work was easy to use. The main menu showed Harold that twenty-six loads existed waiting for carrier assignments and that 108 sales were pending sources of in-spec material to be located and 1,045 entries of supply existed waiting for demand to purchase them. Harold was free to spend his time doing anything he desired. He could send out email blasts to potential buyers of materials on hand for sale, he could blast emails to potential sources of materials, he could process logistics transactions and he could collect monies from past load deliveries.

Chapter 9: Banter

Forbes, Wall Street Journal, Business Week as well as many other trade journals and papers attacked my plan as being a liberal tithing to Millennials stating I catered to the entitlement philosophy and gave away the keys to the shop in exchange for nothing. Not one reporter had something nice to say about my experimental attempt to right a listing ship. I was reported as being a quack, a non-credentialed charlatan, a swindler, a con artist, a snake oil salesman and a fraud.

Most articles about my plan were based upon the foundation of entitlement-loving liberalism and trading a birth-right for a bowl of soup. There were so many reports about my sketchy, un-pedicured past, my dotted and patchy employment history and interviews with several disgruntled previous employers. And I wasn't alone in the attacks. Don Davis, the Vector Capital hedge fund manager was trashed as well. In fact, he had it much worse than I did. They personally attacked him regarding allegiance to socialist movements, using funds and proceeds inappropriately to back liberal agendas, and labeling him an activist with the intent to marauder and pillage companies and executive leaderships.

I never fought back. The reports would surface, my car would get a fresh coat of spray paint and my mailbox would be smashed in. All part of being an envied man I guess. I never understood why people took the accusations so personal to themselves. I mean, who cares if someone is trying something new and a few big wigs are temporarily displaced. I mean, big companies get turbulent all the time and the big wigs slash thousands of jobs on a whim. I kick out a few executives to spare a couple hundred employees and people get mad at that. I mean really mad about that.

I guess Don Davis was more used to it. Of course he made billions of dollars and didn’t have to have a mailbox or park his car outside. He made changes to executive leadership often, firing one and sliding another in to power. He made a change and never looked back. Reporters mocked him regularly. Once he was a Wall Street wunderkind, a Goldman Sachs intern whose intellect, ingratiating personality and prodigious work ethic attracted the patronage of some of America's most prominent and successful investors. If Don felt like making a change and the CEO was not able to accommodate quickly, he was ousted and the next best executive was put in charge of the asset's leadership. In 2010, Don ousted five of his top twelve holdings executive staff, shaking up things in Houston to the point that no CEO wanted to be on his bad side or questioned for that matter.

There was always a good reason for the ousting of an executive, it was never a personality dispute or a matter of interpretation, it was just good business. If an executive was seen as cutting corners, discounting long-term gains for a short-term stock-option exercise, that was unacceptable. If an expense report was submitted for more than $65.00 per person in attendance of a dinner meeting, particularly a meeting of one for $1,150.00, it was unacceptable. If an executive calculated wrong and missed projections by more than 5% above or below the mark, that was also unacceptable. Accuracy, integrity, frugality and staunch business acumen was the requirement for remaining at the top.

Don balked at Warren Buffett, often referring to the Oracle as Warren Buffoon because he was so soft on executive management, hardly ever pushing them to do anything other than status quo. Under Warren's watch, in 2014, Coca-Cola executives attempted to compensate themselves with $13 billion of stock awards; the spoils of what happens when you accumulate shares bought back into the treasury account. Warren didn't fire the executives of Coca-Cola, just laughed it off as silly boardroom antics. Buffett has been quoted as saying something rather peculiar "Corporate CEOs, as a group, would be paid a lot less money if proxy statements hadn't revealed how much other people were getting paid." Don found this quote profane and stated it a lot about the Buffoon. He also liked to quote Nancy Pelosi as stating “We have to pass this health care bill to find out what is in it.”

Don had thousands of pedigreed executives at his beck and call. In Houston alone, some 200,000 experienced MBA candidates existed just waiting for a call from Don to assume a spot on one of his portfolio companies. All Don ever wanted was for an order to be carried out completely, with excellence. If wrong and it was Don’s fault, the executive was spared. But if Don said to do it, and it was done half-assed or fumbled, that executive was ejected from his throne.

For some unknown reason, the reporters of the magazines, newspapers and programs were highly sympathetic to the plight of the ousted executives and highly critical of the low-priced flat organization chart instituted by Don. In 2017

Hunter Harrison, the CEO of a railroad (CSX) received $151 million in compensation for the position; Hock Tan, the CEO of Broadcom received $103 million; and Frank Bisignano, the CEO of First Data received $102 million. That much money divided by $100,000.00 salaries would have employed 1,510 additional people at CSX, 1,030 additional people at Broadcom and 1,020 additional people at First Data. It is far better for our economy to employ 3,560 people making $100,000.00 per year so that it is spent in the US, and savings lent out through our banking system multiplying it times twenty to those who need to borrow it for housing purchases. It is ludicrous to spend so much on so few people, it is far better to pump the funds into more economy players. But that is not what the reporters thought.

Why would anyone need more than a few million dollars in compensation to work for a company? What will they possibly do with more? What is the sense in firing thousands of employees so that a CEO can collect a hundred million dollars in a year? It does not make any sense. No one deserves more than a $250,000.00 in annual compensation. Anyone making more should be removed from the company and replaced with a rising star at $100,000.00 salary. Those making more than $250,000.00 displaced by attrition should re-evaluate their life and lifestyle, adjust back to $100,000.00 of annual means or open their own private company. The notion that shareholders must pay the irrationally exuberant price tag of $100 million for a CEO is asinine. Let the CEO open his own private company and prove it.

It is in the creation of competition that value is created. There is no competition among CEOs today, it is a very small brotherhood of elite pedigreed individuals that are reserved for such high profile positions. They are not in competition, they are in an elitist parade of bequeathed purses where no one is going to disrupt their game as they will continue to play as long as they want to. If they were truly in a competition, more would lose their jobs to actual rising stars and the rising stars will accept

$250,000.00 per year in compensation for the chance to make a few million. There are over 100,000 graduates every year of MBA degrees. If it were truly a competition, all 100,000 people should be viable candidates for executive positions. But no one ever advertises for, nor seeks out these rising star individuals to run their companies, they instead rely on the elitist brotherhood to accept their invitations and negotiate on billions of dollars of compensation requirements. Millions of dollars for salary and billions of dollars in stock option shenanigans.

Nothing would be better than for hundreds of companies competing where a few companies compete now. Three cola companies paying out $300 billion in salary and stock options annually and only allowing three CEO at the helm would be better experienced if three hundred cola companies competed, with three hundred CEOs making $1 million each and perhaps stock options for a few more million. More competition means prices are lower to all consumers, taxes are earned in a more normalized manner, and many more rising stars have better opportunities to achieve a prestigious job.

Chapter 10: Back to Basics

After employees, cash is the second most valuable asset any company possesses, if it has a lot of it nearly anything is possible to be accomplished, if it has nearly none of it, hardly anything can be done. In the 1990’s cash coffers began to be raided by CEOs, quickly followed up by actions undertaken by activist shareholders and activist hedge fund managers to influence the boards of directors to put public pressure on its executive management.

The undertaking of actions is also known as a corporate raid or a process of buying a large stake in a corporation and then using shareholder voting rights to require the company to make changes designed to increase the share value, generally in opposition to the desires and practices of the corporation's current executive management. The measures might include replacing top executives, downsizing operations, or liquidating the company.

Corporate raids were particularly common in the 1970s and 1980s in the United States. By the end of the 1980s, management of many large publicly traded corporations had adopted legal countermeasures designed to thwart potential hostile takeovers and corporate raids, including poison pills, golden parachutes, and increases in debt levels on the company's balance sheet.

These countermeasures grossly enriched the CEOs and were devastating to shareholders. CEOs became so drunk on creating these countermeasures they drove the valuation bus off the profit making cliff. Their entire being was consumed by greed, they ceased to make rational decisions in the best interests of the shareholders and instead made all decisions in the best interests of themselves.

Since the late 1990s, executives became very focused upon managing cash flows such that their activities spent as much cash as possible without breaking the company's bank. Stock buybacks became the most favorite spend of corporate cash. In their pursuit of awarding themselves with ever increasing stock options allotments, CEOs commissioned ever increasing cash purchases of stock buybacks.

Their repeated drunken behavior of expensing all their available cash to buyback stocks to award themselves stock options eventually built up large tolerances to satisfied greed appetites and they kept pushing the acceptable limits of what sounded obscene to shareholders. In response to these repeatedly and grossly arrogant announcements of stock buybacks, shareholders became tolerant, then apathetic, then began to expect and then to demand that stock buybacks be completed each and every year.

Shareholders never understood what stock buybacks accomplished, they just thought the idea of them were wonderful to drive demand for their shares ever higher. Never did they understand the practice was only enriching the CEOs with stock options at an increasing rate each and every year.

Chapter 11: Silencing the Peanut Gallery

Upon reaching the billion dollar sales mark, Don Davis notified all reporter hot lines that the plan has been executed and is working and invited reporters to inquire about the new system. Soon every trade magazine covering Chemicals, Fuels, Supply Chain, Logistics, Distribution and Transportation were featuring what Allied Chemicals had pulled off. With glowing admiration for what Vector Capital and I had accomplished, it was speculated that the positive work we did had further applications for other industries and companies.

I had created a very flat organization structure with a CEO and 250 employees. Anyone could do any job at any time they wished. And I was sometimes found in the Logistics Boiler Room cranking out loads with the 65 other dispatchers. It was something that brought me great happiness, matching excess capacity of Tank Trucks with compatible loads and improved profit margins. My favorite thing to accomplish were the mega-deals with tens of thousands of gallons of materials needing many trucks to complete the transportation of it.

We had become a very efficient machine, cranking out solutions to chemical problems day and night. I monitored paychecks and when we edged over $3,000.00 averages for the week I decided to let more employees in on the deal. With reports about our success and leaked information about how well our employees are paid, we were swimming in resumes constantly. I could afford to be very picky. Aptitude tests involving cross-functional abilities were administered to every prospective candidate and only the truly smart and experienced ones were let in.

In just two years since the re-tooling we surpassed two billion in sales. We had become the shining star in Vector Capital's portfolio.

Chapter 12: New Work Model

The application for other industries is completely transferrable. The largest US industries are as follows:

GDP	BILLION	INDUSTRY
4.60%	$807.90	Information
5.50%	$954.80	Manufacturing of nondurable goods
5.80%	$1,014	Retail trade
6.00%	$1,037.60	Wholesale trade
6.50%	$1,135.80	Manufacturing of durable goods
7.10%	$1,244.20	Health care and social assistance
7.20%	$1,261.20	Finance and insurance
9.10%	$1,538.70	State and local government
12.00%	$2,098.30	Professional and business services
13.00%	$2,265.70	Real estate (renting and leasing)
23.200%	$4,035.29	Other
100%	$17,393.49	

The KPIs, metrics and paycheck scorecard paid for by eliminating the top one percent of the hierarchies (management) and providing those funds to the 99% rank and file (employees).

The stock market appreciates form $30 trillion to $84 trillion because profits increase leading to salaries, savings and investment increases.

In 2016, executives consumed 76% of all compensation resources from the collective 25 million corporations in the United States. 125 million employees lived off the remaining 24% of compensation resources. An average CEO was paid $6.9 million in compensation while the average employee was compensated $44,000.00 per year. In total $225 trillion dollars are expensed as compensation every year

In 2018, there are 130 million employees in the United States employed, approximately four percent are presently unemployed or 136 million employable people in the US exist today. The average income as of 2018 is $45,000.00 times 130 million people is a Gross Personal Income of $5.85 trillion. The savings and investment rate based on $5.85 trillion of income supports a stock market value of $30 trillion. At an average income of $120,381.07 times all 136 million employable people means a Gross Personal Income of $16.427 trillion, supporting an $84 trillion US stock market valuation.

It is a simple trade. Firing the top one percent of the United States employees from management and executive statures and providing those funds to the rest of the 99%. Those funds go right back into the US economy, bolstering the US stock market, nearly tripling it.

It is the power of common funds, running through the banks, multiplying them and vastly increasing the value of all things real, stocks and property.

Chapter 13: New World Order

It is latent power that we are discussing here today, the fact is that at this very present time, every hedge fund has the right and the ability to appoint anyone to the executive staff of their portfolio companies or to completely abolish the executive and management layers of their companies and replace with KPIs, metrics and paycheck score cards. Pull up any large publicly traded company, peruse the institutional owner line-up, and see the fact that just a few hedge funds already own a majority share of that company.

It is power, unused, idle, power that is holding back the US economy. An executive staff is not worth the cost, self-management is the answer. It is time for those who have the power to change things to act on their opportunity. To really fix something.

DrPepper-Snapple

96% is owned by Institutional Investors

Just eight companies own 50%

Holder	Shares	% Out
Blackrock Inc.	20,528,958	11.42%
Vanguard Group	18,453,448	10.27%
JP Morgan Chase	10,559,501	5.87%
Cedar Rock Capital Limited	10,064,225	5.60%
Price (T.Rowe) Associates Inc	9,384,576	5.22%
Fundsmith LLP	8,742,447	4.86%
State Street Corporation	8,202,341	4.56%
Lindsell Train Limited	3,222,079	1.79%
		49.59%

If these eight institutional investors voted together, they will accomplish their expectation of change

However, most hedge funds own their portfolio of companies outright, any change they want to make to management or executive teams they are able to do at will. A few hundred Hedge Funds collectively own hundreds of thousands of businesses with millions of management and executive staff, all expendable, all replaceable by KPI's, metrics and paycheck scorecards.

There are so many ways to combat the poison pill and golden parachute countermeasures, instituting the compensation package to $1.00 per year per executive with no additional options or benefits and helping them to understand that it is a privilege to serve at the company and not a winning lottery ticket. Co-leadership appointments do not disrupt the stated title of the incumbent leader and are not viewed as a change in leadership but become quite annoying to the incumbent when measures to eliminate the executive staff are passed by the inserted co-leaders.

Chapter 14: Utopia

A perfect employment situation is achieved when an employee understands his skills and a company values those skills allowing for a hiring of the individual. Employment Utopia is achieved when said skills are implemented at the maximum use and the employee is compensated the maximum amount for completing maximum work at the Gross Personal Income rate adjusted for implemented self-management criteria pay.

For example, a person has hazardous chemical dispatching skills, a chemical distributor needs a dispatcher. The person is hired at 10% of profitable dispatch plus 25% bonus on savings in excess of industry average pricing (approximately $100.00 per load). Utopia for the employee is being allowed to dispatch un-restricted and that employee completes work at maximum amount, twenty-five hundred perfectly dispatched loads per year = $250,000.00 personal income.

Chapter 15: The Plan

The key to implementing the plan is to start with just one company with well-defined and clear divisions of labor and responsibilities to either generate revenue or to control for costs. In Houston, among the largest publicly traded companies are nearly a hundred ripe candidates for change. The ownership among these hundred firms by top hedge funds is a highly concentrated amalgamation of ownership such that a few hedge funds can pool their voting rights to make a change in magnitude such as this. Among Houston's privately held companies, thousands are ripe for change. Many are owned by a few hedge funds. A test of one company within a hedge fund may prove the theory to be righteous.

SAP Software, the SAP stands for "Systems, Applications & data Processing" is the enterprise software that is the most accomplished for defining well and clearly dividing divisions of labors and responsibilities to either generate revenue or to control for costs.

Publicly traded companies are the most attractive candidates because the abuse of stock options, repurchases of stock and executive pay are so egregiously high that the plan will prove the elimination of executive layers of management will free up 75% of compensation cost, allowing the majority of employees to acquire a share of this compensation with 60% or more accumulating to the shareholder of the company, unlocking immense value of the company unknown to exist before the plan.

Privately owned companies are the easiest candidates for plan implementation because the value is concentrated within one parent organization over the private entity. If the subordinate entity has executive expenses in excess of two million dollars, the plan will prove immensely valuable to the parent company. With a P/E ratio of twenty or more and reducing the executive expense from two million to $250,000.00

per plan, the value creation is $1.75 million times twenty or $35 million in value created. Deploying the plan across a billion dollar portfolio assuming a billion dollar portfolio has about thirty companies and is presently funding executives at two million dollars each or $60 million of expenses. Trading hundreds of executives and managers for thirty individuals at $250,000.00 each saves $52,500,000.00 of cash multiplied by twenty equals a billion dollars of value. If a typical hedge fund in Houston measures to be a billion dollars and the plan is implemented, then in essence they can double their value immediately.

Try the plan with me:

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