

**WINNER  
TAKE  
ALL**

**BRYCE  
WEBSTER**



▼ Keep the bank happy. Without a solid relationship with the bank, Telex could not have moved immediately to acquire either UTC's 3270-terminal business or Raytheon's data systems division.

▼ Have the confidence to take risks. Without rebuilding management's confidence between 1973 and 1976, Jatras could not have risked that first key acquisition.

▼ Stay close to the situation. Jatras says that this principle has meant the most to him. "I have always stayed close to what is going on. I know our people, our products, and our markets. I had to stay close to the situation to acquire the confidence I required to survive the hard times."

In the past, he adds, he called on customers, was a constant visitor to the factory floor and Telex's field offices, and often got into the middle of a problem. "I wanted to know what was really happening, not just by reading reports and *thinking* that I knew what was going on. I had a natural tendency to do this because I was an engineer." (Jatras has a master's degree in electrical engineering, and he worked as an engineer, then as an engineering manager for 15 years before moving exclusively into management.) This desire for firsthand knowledge also applied to his relationships with his people. "I know their strengths and weaknesses and what they can and cannot do."

With these principles consistently applied during both good and bad times, Telex prospered—an excellent turnaround for a company that, a decade ago, was on the verge of dying.

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## Getting in on the Ground Floor: How to Build an Empire Almost Overnight

At an age when most girls are fascinated by dolls, Debrah Lee Charatan was fascinated by business. While other little girls played house and served tea in tiny china cups, she played in her father's kosher butcher shop in Howard Beach, Queens, a middle-class neighborhood in New York City. "I remember that I was amazed by the local candy store—not by the candy, like most kids, but by how the store worked—how the owner stocked the shelves and sold the candy," she says. Even back then she wanted to own her own business.

Charatan began working at an early age. At the age of 14, she managed a retail bakery, and at 17, just out of high school, she worked as a full-time secretary for a real estate firm during the day, attended Baruch College at night, and, recently married, somehow managed to simultaneously run a household. "I transferred my early fascination for business to real estate. I wanted to learn everything I could about it, and I did."

Charatan carried this load for six years, knowing in her heart that as soon as she had her college degree she would start her own business. She did just that in 1980, at the age of 23, with the



opening of Bach Realty, Inc. In just six years, Charatan built one of the leading commercial real estate brokerages in New York City, demonstrating the same energy, drive, and personal strength of the previous six years. This achievement was all the more remarkable in that the world of New York City real estate has traditionally been dominated by men and closed to outsiders. Charatan has created a sea change in the business: the repercussions of her "gimmick" of an all-female brokerage have been felt all over the country as doors have opened to women in commercial real estate.

In the process, she has achieved the financial independence she wanted. Although she does not disclose her own or her firm's net income, she says, "I can now do what I want when I want and provide for my family in the way I want," the true test of that independence.

And incidentally, she accomplished all of this *before* turning 30, in February 1987. Charatan not only succeeded in entering a male-dominated field and prospering, she not only conquered one of the toughest markets on earth—she overcame the prejudices of established professionals against young, ambitious upstarts.

### "Try a Little Help from my Friends"

A political science major in college, Charatan was at first confused about what kind of business she wanted to start. "I even thought about opening a teddy bear store years before the boom in bears, but I found I would need \$100,000. I knew no one would give me that kind of money. So I decided to stick with what I knew: real estate. Next, I had to think of what I could do that was not capital-intensive because I had no money." The answer? Become an independent commercial broker.

Charatan began planning her moves while continuing to work for her original employer. Besides needing the essentials of a desk, a telephone, and an office, she had to have the "owners' book," an enormous annual volume that lists the owner of every building in New York City by block and by address. The book is published annually and costs \$1,000. Since buying the book would have wrecked her small store of capital, she says, "I surreptitiously copied every page of my employer's owners' book." To this day

she does not know whether her employer knew about her action. "But we have remained on good terms, so it doesn't matter now."

She asked for and received a remarkable amount of help from her friends. A client from her old firm not only gave her a rent-free office, but also loaned her \$2,000 in start-up capital. Although the office—a "horrible," windowless eight-by-eight cubbyhole in the basement with heating and drain pipes running along the ceiling—wasn't much, it had the one crucial attribute that Charatan knew she had to have: a good address, 18 East 48th Street, half a block off prestigious Fifth Avenue in midtown Manhattan.

"That address legitimized my business. If I had to meet clients, I would tell them the office was too busy to talk comfortably, and I would meet them at coffee shops or in their offices. Now I lease the entire second floor at the same address," Charatan adds. No doubt, betting on Charatan's energy, knowledge, and resourcefulness has proved an excellent investment for her benefactor/landlord.

Friends also loaned her a desk, a chair, and a typewriter. A sign painter with whom she had worked in the real estate firm painted the sign on her door for free.

### She Knew What She Could Do

But a furnished office—even with a good address—does not a business make. Charatan needed "product to sell." That product was commercial and investment real estate. "I was very young, and I was working alone in a man's world. I knew what I could do, but I found it very hard to get that across at first."

She overcame the initial obstacles with a determination and persistence that to this day continues to astound her employees. "I got on the telephone and made hundreds of telephone calls. For every hundred calls, I would find one person who was selling his building. I would take down the information about the building and meet with the person to convince him that I could sell it. (Commercial real estate lacks a multiple listing service; each brokerage must dig up its own listings.) I would then run a onetime, \$21 classified ad in the Sunday *New York Times*."

### The Essential Secret

What Charatan said when the responses to her ads came in, however, separated her from almost every other broker in the business.



"When people called, *I asked them what they wanted, and I would find what they were looking for* [emphasis added]." From the beginning, Charatan functioned as a market-driven real estate broker. By contrast, she says, "Most brokers only give prospects the listings they have available because the other way—my way—is too much work."

Her way enabled her not only to find buyers for listings, but listings for buyers. Nonetheless, she endured tough times. From April 1980, when she took possession of her cubbyhole, until her first commission five months later, she lived off her credit cards, juggling payments and credit limits. She could not live off her husband's income (they have since divorced) because he was a struggling attorney with his own office and expenses to cover.

### Establishing the Principles

But these difficulties did not keep Charatan from expanding. In a stunning and risky reversal of normal business practice, she "hired" her first employee before she had made her first sale. Soon after she began, Charatan found that it was very difficult to be alone, making dozens of cold calls a day. She met a woman who didn't need to earn any money right away, but wanted desperately to change careers. Charatan offered to train the woman, someone much older than herself. Charatan's assumption that she knew something of value that she could teach others before she even made her first sale exemplifies her incredible confidence. She knew she had the right idea and decided to stick with it until it worked.

Besides the fact that she didn't have the money, there was another reason why Charatan did not offer the woman a paycheck. Charatan does not believe in salaries and perks for commission salespeople.

When Charatan earned her first commission—\$4,375—she immediately paid back the \$2,000 she owed her landlord. She says with pride, "That put me in the black, and I have been in it ever since."

### Rapid Growth

By that time Charatan had yet another woman crammed into the cubbyhole with her. Immediately after the first sale, however, Bach

Realty emerged from the bowels of the building and ascended to the tenth floor, where Charatan rented 300 square feet for \$1,000 a month. She also added more women, training them and encouraging them to take advantage of the unlimited opportunities she offered. "I also hired a high school student as a part-time secretary and bought a \$3,000 copier. At the time, that was a big step; I was very proud of that copier." Today Bach has a huge Kodak copier that cost tens of thousands of dollars.

In 1981 Bach expanded again, renting more space on the tenth floor. Driven by Charatan's 18-hour days, strong teaching techniques, and shrewd promotion of her unique all-woman brokerage, the business began to soar. By early 1983 Bach was bursting at the seams, with almost two dozen sales associates.

"I had long had my eye on the building's second floor. It had been vacant for two years, but I had felt I was not ready to make that step. But in February 1983, the week of my birthday, I made the decision and signed the lease. It was a very big move for me."

### An Even More Important Move: The Transition to Manager

At the same time, Charatan took an even bigger step—the one on which many entrepreneurs stumble: the leap from selling to managing. "Until 1983, I had been the top salesperson. I had been doing everything: selling, bookkeeping, managing, and being the boss. Then I realized that for us to grow even more, I had to stop selling. I found that my salespeople did not feel free to talk to me about their problems while they were competing with me. Some associates were afraid to ask for my assistance, and that attitude was harming their own as well as the business's growth," Charatan says.

Charatan's transition to a managerial role was not easy for her or her clients. "It was a difficult move. My emotions were mixed at the time, and it was often difficult to persuade our clients to accept other associates." A wise yet simple step solved the problem: "We would go together to call on my former clients as a way of easing them into the new relationship. I would tell the client to call either one of us. When I was not in, we made sure the client would be referred to his new associate. But I made it



clear that I would be available whenever they wanted me. We discussed, persuaded, and reassured our clients for weeks and months to make the transition effective."

Charatan continues to play a supportive role. In a recent example, one of her associates was out of the office when a buyer discovered some serious discrepancies in the expense figures a seller had given him. It appeared that the deal would collapse if someone did not act quickly. Charatan immediately spoke with both the seller and the buyer. The seller had apparently relied on someone else to develop the figures and was just as upset about them as the buyer. He volunteered to have new, accurate figures delivered to the buyer that day, and he offered to reduce the price of the building as compensation for the increased expenses and operating costs.

Charatan expertly calmed the seller down, assuring him that the mistake did not jeopardize the sale and telling him that she would talk to the buyer. But she also subtly insisted on visiting the seller to help him come up with the new figures. Then she spoke with the buyer, explained to him how embarrassed the seller was, and told him what action she was going to take that day to correct the situation.

Shortly after these events the associate responsible for the deal returned to the office and met with Charatan to learn about the situation and get her boss's advice on how to handle it. Although there was no doubt that the associate would remain in charge, it was also clear that Charatan would follow through on her promises to both the buyer and the seller. And unlike most brokerage bosses, who take a larger percentage of the commission when they must intervene or do a lot of extra work to complete a sale, Charatan did not take the commission—a policy she follows whenever she intervenes or is asked to step in to solve a problem.

Since 1983, Charatan has successfully fulfilled her simultaneous roles as manager, supporter, and teacher. As she established relationships between her clients and her associates, she explained to her associates what the clients wanted and how they should be approached. She prepared her associates well, thus making the transition easier. Charatan explains, "My forte—and what has made me well-known in the industry—is my ability to teach and train."

## The Winning Formula

Charatan has developed a formula that not only works for her but can work for anyone in the business. It is simple, but by no means easy. She offers her associates one thing: the opportunity to make a lot of money. Foregoing salaries, benefits, "perks," and limousines, they are provided with nothing but lists of potential clients, comfortable, adequate office space, good equipment, and advertisements in *The New York Times*. More often than not, combined with a lot of hard work these are all that's required to make a spectacular income.

"I offer unlimited opportunity for women, most of whom come from low-paying jobs with limited prospects. Some of our people make \$500,000 a year, \$300,000 a year is not uncommon, and \$100,000 a year is the minimum expectation after an associate starts selling," Charatan says.

Making this kind of money requires working 12 hours a day Monday through Friday and at least half a day on Saturday. Associates begin by canvassing hundreds of prospects from the tried-and-true owners' book. Any associate at Bach can sell to anyone, even a client to whom another Bach associate has sold in the past. Does this lead to backstabbing, jealousy, and worse? An "I'll Take Manhattan, You're Stuck with the Bronx" sort of attitude? Not at all.

Charatan has a unique solution to prevent a conflict from arising in this situation. It's called the FAB—Fund for Associates of Bach. All of the commissions Charatan makes from the few sales she still handles go into the FAB. When two associates dispute a commission, "if they can't resolve it between themselves I take the commission, and I give one associate a third, the second broker another third, and the FAB fund the remaining third." With this Solomon-like gesture in the offing, Charatan says, "they usually work things out themselves amicably before the closing," in which case the fee is split however they decide and none goes into the FAB.

## Hiring Very Carefully

Like many other successful executives, Charatan says she hires very carefully. "I usually meet with someone three or four times.



I expose them to the 'bullpen'—the open-office area similar to the trading pits on the stock exchange where the associates make all of their calls and do their paperwork. I ask them about their job hunt, what they think of other companies for which they have worked or where they have interviewed, and what they are looking for. I see how they *come to* the interview. If they bring a pad full of questions, they strike me as more interested and more astute. Since they may be making a significant shift within real estate or even changing careers, I want them to really want this job. They must be self-motivated and willing to work long and hard before they make their first sale." Charatan's associates must be very entrepreneurial—they should want to run what is essentially their own business within hers. They must also be willing to "invest" or have available from outside sources a year's worth of no-frills income—about \$15,000—so that they can devote their undivided attention to learning the business. In return, by the end of the first year their annual commission rate should be reaching \$100,000.

### Teaching New Associates

In her approach to hiring and training, Charatan works much like a franchise company. She trains thoroughly, realizing that her associates' eventual success depends on her willingness to share her own success. "This is purely a numbers game. The more cold calls you make, the more money you make. So, at first, the new associate sits with other brokers and listens to them make calls. Then we sit with the new associate while she makes calls and help her develop her own style. We actually count the number of calls she makes for a while.

"When she makes appointments, I go out with her and show her how to make a client feel comfortable and believe in and trust her. I do this several times, but I also encourage each person to develop her own style. Later I encourage the associate to ask me questions; I will do anything I can to help her. I will bend over backwards to rearrange my schedule to go with her to see a client or help her solve a problem. I'll work evenings and weekends, and I'll travel."

This careful hiring, thorough on-the-job training and constant follow-through sets Charatan apart from the rest of the commercial brokers in New York City. Others have tried to emulate her success,

but they apparently do not comprehend her willingness to work for her associates, she believes.

### Her Astounding Inner Resources

Charatan is committed to her "troops." She assiduously outworks her associates. "I work very hard and keep long hours: I work at home at night and on the weekends. Before I gave birth to my son three years ago, I worked in the office about 12 hours a day. Now I work from 8 A.M. to 5 or 6 P.M. I go home and spend several hours with my son, and then I work for several more hours after he goes to bed. At home, away from the phones and meetings, I think about the big picture: I write articles and evaluate where our market is headed."

And she makes every minute count. "I don't procrastinate. I feel very much in control of the paper on my desk. I keep daily lists and I do things in order. I walk around the bullpen at least twice an hour. I go out to my associates so that they feel free to approach me. I don't want them to be too intimidated to come to me with a problem."

For example, one of Charatan's associates obviously had something weighty on her mind one morning. As she entered the office, Charatan approached her, patted her on the shoulder, and asked, "How did it go?" The associate responded, "Oh, it was terrible. The woman was awful." A client? No. The associate had had to endure an IRS tax audit early that morning.

Charatan listened intently to the woman, and after hanging up her coat, the associate began to calm down. She then told how difficult the meeting with the IRS had been, but how it had actually not turned out too badly.

Charatan noted, "My associate had been very upset about having to go to the IRS office. We had talked about it over the past few days, and I had called her the night before to discuss it with her again. But that's not unusual. I am very concerned about my people. I can sense immediately when something is wrong. I am very sensitive to them, and I don't believe in badgering them or putting the fear of God into anyone. That's not productive. Rather, I prefer to establish an honest and respectful relationship. I treat them well and they treat me well in return."



While Charatan's energy and empathy are evident, she claims she doesn't have a special regimen. She doesn't exercise, beyond walking a lot; she doesn't eat health food, follow diets, or anything like that. In fact, she often munches a buttered roll and sips a cup of coffee, typical New York City snack food, in her office. She can only say, "I've always been like that. I've always had plenty of energy and liked to work long hours. And I've always cared about other people." No secrets, it's just the kind of person she is.

### Age 30: A Turning Point?

In February 1987, Charatan turned 30. After six spectacularly successful years, was she affected by this milestone, especially in the middle of a very significant change in her business—the 1986 Tax Reform Act. "No, turning 30 really had no effect. I have never felt better or happier. I feel like the whole world is at my feet. I know where I am going and I know I will get there." As for the tax reform act, she has plans for dealing with that, too.

### A Future Without Rose-Colored Glasses

Charatan is the last person to rest on her laurels, especially when faced with the hard-hitting impact of the new tax reform law. She has written several articles about its effect on the real estate industry. She acknowledges that in the short term, the new tax law will make things tough for brokers, but believes that in the long term it will result in a healthier, more stable business. "It will separate the men from the boys, and probably drive out many smaller brokers. It will eliminate tax shelters and force a return to the basics. In the deals we get today, the basic economics are most important: people are looking at the fundamentals of operating expenses, cash flow, and income instead of write-offs. I compare the effect of the tax law on real estate to the impact of television on the movie industry. Many observers predicted that movies would die out, but they have simply changed and now do better than ever. The same thing will happen in real estate. After some gyrations and weeding out, the ultimate impact of the law will be good for us."

In the middle of this upset, Charatan moved to streamline her operation. First, she reduced the number of associates from 35 to less than 30. "I did not make changes based on how much money someone was earning, but on how well, how hard, and how consistently she worked," she says. Second, she computerized her large data base of listings with a proprietary system designed exclusively for her firm. And third, Charatan expanded Bach's reach outside New York City to New Jersey, Connecticut, and Pennsylvania. "I will do what I have to do and go where I have to go to make it work." But she does not plan to change the basic nature of her operation: "We will stay with what we do and just do more of the same."

### The Spectacular Results

Through her own intense efforts and those of her initially inexperienced associates, Charatan has built her firm into one of the largest and fastest-growing commercial real estate brokerages in the world's toughest real estate market. During 1985 her associates handled more than \$200 million in real estate sales for their clients, bringing Bach a probable gross income of about \$10 million. Although, as mentioned, Charatan will not disclose her own or her firm's gross or net income, her income in 1986 was probably more than \$1 million, since she takes a 50 percent cut of her associates' commissions.

### Lessons Learned and Applied

Ask Charatan what is most important about her successful business, and instead of mentioning margins, tax laws, and other business factors, she talks about "relationships with people." She makes these points on this subject:

- ▼ Develop a mutual respect and trust, but do not become too friendly or "palsy-walsy" with your clients and associates.
- ▼ Let people know they are special. Listen to them and show that you care about them.