

Portrait of Darla Moore, chief executive of Rainwater, Inc.
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DARLA MOORE'S FULL-COURT PRESS

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During a 1996 New York Knicks game, spectator Darla Moore caught a wild pass from mid court. Instead of throwing it back to the ref, she tried to make the basket herself.

It's one of the few times she has missed her mark.

Darla Moore – president of the private investment firm Rainwater Inc. – was recently named to *Fortune's* 1999 list of the 50 most powerful women. Appearing at Wharton on December 7 as part of the Zweig Executive Speaker Series, Moore shared perspectives on leadership and success in work environments that ranged at times from unsupportive to hostile. She spoke, for example, about the importance of “being willing to pick your fights within the corporate environment” and, having picked them, “to fight to the death.” She reminded her audience “to never take any attack personally in the business environment because if you do you will be rendered ineffective ... it is irremediable to break into tears in a public forum.” She spoke also of the role of mentors and of the importance of “being a decision maker ... the ability to make a decision, even if it's a wrong one, can't be underestimated.”

Moore had attended business school at George Washington University and then joined 30 other MBAs in the training program at Chemical Bank (now Chase). “It was the early '80s, a time when the sun was rising on the LBO business,” Moore notes. “All the action in the financial arena, everything interesting and powerful, was there. And I thought to myself, ‘This is the place I have to be. Because I can be somebody.’”

As it turned out, Moore never got the chance. “There wasn't a snowball's chance in hell that a female from the rural deep south would be invited or embraced by that LBO environment. Historically no major players in the LBO business were women.”

A mentor advised Moore to consider the bankruptcy area, which, Moore says, “was open because it was viewed as a graveyard, a place where you were sent because you couldn't play in the mainstream ... The idea was to work with companies that got into financial trouble. At the time there were very few of them, and no one was doing anything remotely like making [any money on it].”

“I worked in the trenches with these financially distressed companies while the LBO establishment continued to churn out ever bigger, ever more expensive mergers and acquisitions. These people had no concept that there would ever be an economic downturn.”

Of course there was, and “America blew up, largely as a result of greed, a total lack of perspective ... and the over-leveraging of the corporate environment. I had watched all this going on and thought, ‘Keep financing this, boys, because you are just creating business for me,’” Moore says.

By the early 1990s, Moore had become the highest-paid woman in banking and an extremely tough negotiator. “All of a sudden, this product I had created was the ‘product du jour’. Nobody in the country had any kind of infrastructure or knowledge that could address this, other than what I had developed over a several-year period. I was the only person with the expertise, and our area was the only one making any money. It had become a powerful profit center within the bank.”

The single best area to learn about business is in a financially distressed environment, adds Moore, “because there are no rules. It’s only what works. You are operating in a limited time frame, which forces you to make decisions. You find out very quickly what it takes to run a company.”

In 1993, Moore became president of Rainwater Inc. “At Rainwater, we do things differently than other investment companies,” Moore says. “We are not public stock pickers. We are not market pickers at all.... We identify companies and assets and then go out and select managers.

“In the early days we will be fairly active in a business or an investment, but we are interested bystanders. We will not run anything, unless something bad happens.” As it did with Columbia/HCA, where Moore eventually fired CEO Rick Scott after the health-care company became the target of a federal criminal investigation.

One of the biggest lessons she learned from being in the investment and bankruptcy environments, Moore says, is that “the success or failure of the business doesn’t necessarily have to do only with the numbers, but rather with the personalities and character of the people who run it. People get so impressed with what they have accomplished that they can no longer see themselves in the context of reality. This is what happened with Columbia.”

Moore is also well known for her decision to remove corporate raider T. Boone Pickens from Mesa, his oil and gas company which by the early 1990s was overextended and facing a possible takeover. Moore put \$260 million into Mesa to buy a preferred stock position that gave Rainwater Inc. control of the company. Originally the plan had been to let Pickens stay in place, but when “I went out into the market to refinance Mesa’s debt, I found that no one on Wall Street would touch this because of Pickens.” The CEO had to go. “So what came to be viewed as me [removing] Scott and Pickens had nothing to do with me personally,” Moore says, acknowledging, however, that the *perception* of her “allegedly taking these two out” led to a 1997 *Fortune* cover story. “It had to do with the markets. Always remember, markets take people out. That’s one of the glories of capitalism.”

