

Capitalism and Morality

OTHER PEOPLE'S MONEY: "STAKEHOLDERS" VS. STOCKHOLDERS

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New England Wire and Cable Company, owned by Mr. Jorgenson is a business that has not kept up with the innovative technology of the industry. The company is in financial trouble although many stockholders do not realize it. The story continues with the intense struggle between Mr. Jorgenson and Mr. Garfield, a.k.a. "Larry the Liquidator" and the takeover of New England Wire and Cable.

Garfield is looking for a corporate takeover and wants to sell the Wire and Cable Company. He purchases all the stock that is available which adds up to twelve percent, and he bought it for ten dollars when it should be worth fifteen. Jorgenson owns twenty percent of the stock for the company. Mr. Jorgenson does not want to sell the company and after Garfield's proposal of round numbers, Mr. Jorgenson asks his daughter, Kate to help with the battle. Kate is a lawyer who tries to protect her fathers company from the takeover. Kate spends her time back and forth between Garfield and her father in an attempt to settle the dispute. She suggests to her father, that they should move the company from Road Island to Delaware for protection purposes. Then, Kate meets with Garfield to try to convince him not to pursue in the takeover. She knows that Garfield has feelings for her and tries to use this to her advantage.

Mr. Jorgenson wants to let the shareholders make the decision of what to do about the company. Garfield agrees with this proposition. Bill, the manager of Wire and Cable talks to Garfield he gives Garfield the right to use his shares to win. Bill is looking out for himself because he was concerned about his job and he knew that state of the business. Despite the positive feedback Jorgenson was giving him, Bill knew the company was in trouble. Kate's mom, Mrs. Sullivan, makes a trip to see Garfield. She is pleading for the company. She tells him about the hopes, dreams, and traditions of the company. She tries to get him to call off the war and offers him a million dollar trust fund. Garfield does not accept the offer. Voting day comes and Jorgenson is scared, but Mrs. Sullivan is proud.

Mr. Jorgenson opens with his speech about New England Wire and Cable Company and how much they have been through. Wire and Cable made it through the depression, both World Wars, and the death of one president. He continues by talking down on Garfield and his philosophies. He states that Garfield only cares about other people's money. Jorgenson believes that business is worth more than the price of its stock and he finishes by saying how he and his company care about people.

Garfield begins by saying that the company is dead because of technology. Wire and Cable is dead, but not broke. He states, who cares about the employees and community. People become stockholders to make money. He tells the audience that he is the only friend they have, and that he wants them to make money and invest it in something with a future.

After the votes are counted Larry the Liquidator wins. Although he has won this battle, he is not happy because he wants Kate. He realizes throughout the takeover that he is in love with Kate. When the voting day is over, she ends up calling him with a proposition to sell the company back to the employees so they can start making airbags because they will be the next big thing.

Although Mr. Jorgenson is a kind man, he has forgotten to keep up with the technology of his business. In his mind he wants the best for his employees and stockholders, but he is not looking at things from the right perspective. He wants to keep his company open, even though the profits are falling. He still believes in it, but in reality he needs to rethink his goals. What he thinks is best for everyone is just hurting them. Employees are not seeing any more money or raises in salaries and the stockholders are also losing money in their investments. Mr. Jorgenson could have avoided the conflict with Garfield if he had kept up with the times. Had he been researching about new technologies he could have slowly converted his company and kept it profitable the whole time.

The speeches at the end of the movie are very interesting. Larry the Liquidator begins by talking about the state the company is in. He gets on the level that they stockholder are at by saying that he is their only friend. Bringing everything he is talking about to a level where the stockholders understand helps him win them over. He is also an investor and people invest to make money. He talks to the audience as if he has their best interest at heart. The stockholders have invested their money in New England Wire and Cable to make money, and at the state the company is in they realize they are better off doing something else with their money and making a new investment. Garfield and the other stockholders are there for the same reason and that is why he wins. They are all there to make money.

After Garfield's speech the stockholders are starting to understand their investments. Mr. Jorgenson had not been realistic with his stockholders. Garfield lets them see the good, bad, and ugly of investments. If people have money in the stock market they tend to sell if the company they have invested in is not doing well. These stockholders should not be any different. They finally come to grasp the idea that their money has to be in a prosperous company to appreciate. After this speech they have changed their attitudes about investing. This might have been a bit extreme, in reality this many people might not have been so willing to change their minds in such a short amount of time.

On the other hand, Mr. Jorgenson made a speech and spoke about the history of New England Wire and Cable and all the events the company has been through. As Mr. Jorgenson continues his speech, he begins to talk negatively about Garfield. He states how Garfield is only interested in "Other People's Money." He finishes by saying that business is worth more than the price of its stock and how his company cares about people.

Garfield is involved in corporate takeovers as his career. He knows about his business and is very successful and he knows about investing money. The stockholders are also investors so I agree with him when he is talking to them about how to invest their money. It does not make sense to have your money in a company that is not going to make your money appreciate. I do not agree that he is their best friend and that he acts as if he has their best interest at heart. Jorgenson does seem to have their best interest at heart, he just does not know what he is doing does not help them. He wants to keep the company because that is what he wants and what he thinks is best for the community. In reality it would be better if he changed to a different type of business. Then he could employ more people if he finds a niche and keep up with technology and have a product that has a demand in the marketplace. If he implemented these ideas into his business then he would be helping out the community and his stockholders.

Jorgenson claimed that he wanted to help out the community with jobs. If he had a more successful business they he could have helped them out even more by providing more jobs and having the ability to give back to the community. Bill, the manager, knew the state the company was in and he only wanted to

protect himself. It is helpful when a company can assure its employees job security. With Jorgenson being so “old school” in his ways he was never going to keep up with the times and generate new business. The workers are going to quit or not be productive if they are only concerned about the state of their job because of the position the company is in.

After hearing both speeches Larry the Liquidator made sense in terms of investments. People have put their money into an organization to make more money. Wire and Cable did not do their part in keeping up with technology which ended up hurting them. If stockholders are not making money, why would they continue to keep their money in that company? If I were at the meeting and had money invested in New England Wire and Cable I would also have sided with Garfield. People invest to make money. There stockholders are losing money so why not get out while they still have some money and go invest it in something more profitable. If Jorgenson would have changed his business plan to make it a more lucrative company then this would not have happened.

New England Wire and Cable is the stockholders company. When a company has stock, investors are buying stock to “own” a piece of that company. What Mr. Jorgenson does not realize is that he is spending the stockholders money to keep the company running. At the time the stockholders did not realize this. That is why they were not making any money they were not going to receive and increase in the value of their stock or see any dividends when the company is losing money.

Greenmail is essentially gaining money from the takeover of an undervalued business. This is Larry the Liquidators business. He finds companies that are undervalued. It is shown when he purchases stock for ten dollars when it should be worth fifteen dollars. Once they have enough stock in the company the investor can offer to sell the stock back for a higher price, so they make money on the deal.

Another interesting attribute to the film was the donut metaphor. Garfield could always eat even if he was not hungry. He was the same way in business. Garfield did not need any more money or any more takeovers. He was hungry for them though even though he did not need it. Garfield also had a hunger to win. Once he pursued another takeover he was not content until he won. Every day when he woke up he would check his computer next to his bed.

The story line is realistic because there are some investors like Larry the Liquidator. Of course, they add the romantic element between Garfield and Kate. All the stockholders changing their minds so quickly and with no hesitation might have been a little far fetched. It was also obvious that Garfield was going to win. Over all, the audience can learn a lot from this film about stocks, takeovers, and investments.