

Managers & Managing: Ex-Utilities Banker Puts Ideas Into Practice --- John Reynolds to Use His Expertise in Sector to Lead New Power Producer --- 'Mad Monk' Doesn't Apologize for His Uncompromising Nature

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Dow Jones Newswires

781 words

18 December 2001

[The Wall Street Journal Europe](#)

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English

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LONDON -- Most top executives spend their early managerial years putting in long hours, build their reputation, then downshift to an advisory role to reap some hefty fees.

John Reynolds is happy to turn that career trajectory on its head. A former analyst, banker and consultant to the utilities sector, Mr. Reynolds is aiming to put more than a decade of industry expertise into practice as the head of a new independent power producer.

The 35-year-old Mr. Reynolds isn't quite the reserved banker type. Even as head of utilities advisory at Credit Suisse First Boston, the job he quit in the spring, Mr. Reynolds saw himself as more than just a highly paid consultant.

"There are different ways to do the investment banking thing, and one is just to peddle enough ideas and sooner or later someone will hire you," he says. "The other is actually to try to think seriously about what the company's position is that you're talking to and what is challenging them and how to solve it."

He is coy about the opportunity that pulled him away from CSFB, saying only that the project concerns a venture-capital-backed buyout of a power generation business languishing within a larger U.K.-based utility company.

The financing for the deal is evolving slowly but surely, Mr. Reynolds said. As chief executive, he hopes to expand the company to the stage that it can float shares within three years.

Mr. Reynolds reckons his immersion in the electricity sector during a decade of radical change in the U.K. and more gradual liberalization in mainland Europe has given him a clear sense of the challenges facing utilities. And he says there is much work to do to extract gains for investors in an industry that remains extremely fragmented.

He fell into banking work in 1988 as a way of paying off his student debt from Cambridge University. After two years of merger and acquisition work with U.K. food company Geest PLC and boutique bank Ermgassen & Co., he took a job as an adviser at St. Clement's Services, a

consultancy set up by the U.K.'s 12 regional electricity companies to help develop commercial power trading.

That was followed, in 1993, by seven years as an analyst with James Capel, the HSBC unit acting as the government's adviser on electricity privatization, and then with HSBC proper. During his time at the bank, Mr. Reynolds held such positions as analyst and investment banker, working on the 1995 privatization of U.K. nuclear operator British Energy as well as privatizations in Australia and Latin America.

Those who have worked with Mr. Reynolds say his in-depth knowledge of the industry made him an unusually perceptive thinker who quickly gained the trust of clients.

"He had an ability to strike up instant relationships with senior people in the companies," said David Gray, the head of energy and utilities at HSBC who recruited Mr. Reynolds and worked with him on both the research and banking sides. "You don't ordinarily see people who are taken so seriously so quickly at an early stage in their career."

But Mr. Reynolds's intellectual rigor and messianic vision of the industry could also make him an abrasive partner at times, according to several former clients.

"He didn't hedge his bets," said an executive at one former client company. "But, because his style was not exactly conciliatory, he wouldn't necessarily make friends with everyone."

For his part, the man who was dubbed the "mad monk" by some former associates -- he studied theology, Tibetan and Sanskrit as an undergraduate -- doesn't apologize for his uncompromising nature, and says he has always been willing to flout conventional wisdom in the interest of his clients.

"I will dig my heels in on points of principle," he said.

Mr. Reynolds cited the \$2 billion (2.23 billion euros) simultaneous equity and mandatory convertible bond offering for National Grid Group PLC's Energis telecommunications unit -- a construction that guaranteed an equity conversion and proceeds for National Grid even in the event of a depression of Energis's share price -- as one of his most challenging deals.

Despite internal opposition from banking colleagues concerned about the difficulties of selling mandatory convertible bonds to European investors less familiar with the instruments, Mr. Reynolds vowed to fulfill his client's wishes, and had his way in the end.

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