

Fayed is not happy about having his finances disclosed. "No one on earth has the right to ask how much money we have," he says. He doesn't care to reveal much about his family history, either. But the official version traces the Fayed's money back to cotton farming and shipping. Mohamed says he and his brothers built up the family fortune in shipping, oil trading in the Mideast, and real estate.

Through these businesses, Mohamed met and associated with some big-time Middle Eastern money men. Chief among them were Saudi financier Adnan Khashoggi, whose sister Mohamed married and later divorced, and the ruling family in Dubai, who introduced him to the Sultan of Brunei. Mohamed soon became a financial adviser to the Sultan.

Mohamed, who moved to England from Haiti in the mid-1960s, still manages the Sultan's Dorchester Hotel. But he spends most of his time managing his Al-Fayed Investment & Trust. Its assets include a number of notable properties throughout Europe, such as the well-known Ritz hotel in Paris, which he is renovating for \$150 million, the Duke and Duchess of Windsor's French villa, and Britain's royal shirtmaker Turnbull & Asser. Al-Fayed also has less flashy real estate and banking investments in the U.S.

'MOM AND POP.' Mohamed first met Rowland in 1975, when the Fayed's swapped their stake in Costain Group PLC, a big British construction company, for a holding in Lonrho. Six years later, Rowland made a bid for House of Fraser. But the Monopolies & Mergers Commission rejected his plan, ruling that Lonrho's textile interests posed competitive problems with Harrods and that Lonrho lacked sufficient management depth.

Frustrated, Rowland sold most of his stake in the 120-store chain to Al-Fayed in late 1984, assuming it was in friendly hands. But within months the Fayed's launched their successful bid for the company.

Now, after run-ins with several new managers, Al-Fayed oversees every detail of the Harrods operation. "You have to realize this is a Mom-and-Pop operation," says one employee. "He's both Mom and Pop." Al-Fayed vows that Harrods "will remain in my family for 1,000 years."

Some wonder if he might have to sell other House of Fraser assets to keep Harrods, particularly in light of its heavy debt. But one thing at least is certain: Even if the upcoming government report leaves Al-Fayed unscathed, Tiny Rowland isn't going to go away.

By Richard A. Meicher in London, with bureau reports

DEALMAKERS

IRA HARRIS EVEN DOES DEALS FROM SANDTRAPS

He's not much at golf, but the M&A pro is always in the green

No one ever mistook J. Ira Harris for Jack Nicklaus. With a mediocre handicap of 21, the Chicago investment banker spends a lot of his time hacking through the rough and digging out of the sand. But that doesn't keep him from enjoying an afternoon at the course. His carefully placed side bets, such as who will hit the day's farthest drive or sink the longest putt, provide at least half the fun. Says William D. Smithburg, chief executive of Quaker Oats Co.: "Somehow he always manages

Now as always, Harris relies on a lot of help from old friends. Among the powerful names on his client list: Jay A. Pritzker of Hyatt Corp., Ben Heineman, formerly of Northwest Industries, Barry F. Sullivan of First Chicago, Donald P. Kelly of Esmark and Beatrice fame, Martin S. Davis of Gulf & Western, and F. Ross Johnson of RJR Nabisco. Harris has known Commercial Credit Chairman Sanford I. Weill and Primerica Chairman Gerald Tsai Jr. for more than 20 years.

"Everybody knew about Sandy want-



TEEING OFF: HARRIS HAS A SWANKY CLIENT LIST—AND A KNACK FOR GETTING THINGS DONE

to walk away from the golf course making money."

Funny thing about that. Harris has been walking away with money ever since he arrived in Chicago 24 years ago. As the city's preeminent dealmaker, first at Salomon Brothers Inc. and now at Lazard Frères & Co., he has put together a list of corporate marriages, stock offerings, and restructurings long enough to encircle Chicago's Loop.

And at 50, he is apparently as busy as ever. In his eight months at Lazard, his deals include Bridgestone's \$2.6 billion acquisition of Firestone, Bally Mfg.'s \$1 billion restructuring and asset sale, and American Health's \$65 million LBO. This August, Harris made news as Lazard's point man in Commercial Credit Group Inc.'s \$1.7 billion acquisition of Primerica Corp. and its Smith Barney brokerage.

ing to buy Smith Barney," says Harris. But Harris, representing Tsai, was the one who got the two together. He flew to New York a number of times this summer to meet with Weill and Tsai, and he spent hours on the phone with them. In the end, the two principals met alone to discuss some specifics, such as price. "But Ira did a fantastic job of keeping both parties talking," Weill says. "I always get a little nervous. Whenever I would, he could anticipate that and get me to relax."

'OLD-FASHIONED.' In a world full of suspender-clad hotshots out for the quick transaction, such long-term relationships make Harris a rare commodity. "He's an old-fashioned investment banker," says Felix G. Rohatyn, the Lazard senior partner who brought Harris to the firm. Harris doesn't argue with that. "Youn-

People

ger people in the business ask how I did a transaction, and I try to explain to them that it's based on relationships that have existed for 25 or 28 years," he says. "They have difficulty comprehending that time span."

Imagine their surprise when they learn he has no MBA. After growing up in the Bronx, N. Y., where his father ran a notions business, Harris got a bachelor's in business from the University of Michigan. Returning to New York, he was turned down by 32 investment firms, whose rejection letters he keeps in a scrapbook. But a friend found him a job selling mutual funds door-to-door. That led to a position in institutional sales at Granbery Marache, which merged with Blair & Co. In 1964, Blair sent Harris to Chicago, where he headed the firm's Midwest office until jumping to Salomon five years later.

Harris quickly became a star in Chicago's business constellation. Not only could he crank out deals at an alarming rate, he also threw great parties. His annual Salomon golf outing always drew around 100 of the nation's top executives. While they played, he buzzed around the course in a cart and chatted with each foursome.

In the late 1970s Harris became a member of Salomon's executive committee. But he didn't care for it much. This, remember, is a man who lives for doing deals, not pushing paper. Donald Kelly has even seen Harris talking business over a cellular phone while in a sand-trap—"It is quite a sight," he says. Harris resigned from the executive committee in 1983 to concentrate on dealmaking. He also started spending more time with his family.

GRUFF AND DEMANDING. Yet things did not work out quite as he had hoped. By withdrawing from management, some Salomon executives say, Harris lost much of his power at the firm. "He wasn't getting quite the hearing he was used to," says one. "That led to a lot of frustration." Harris disagrees. He says he left simply because he wanted a firm that was more "relationship-oriented."

Either way, Harris bolted for Lazard last January. "He's a big loss," says Roman Nomitch, acting head of Salomon's Chicago office. To say the least, Harris seeded many of the deals Salomon boasts in a recent newspaper advertisement, such as the leveraged buyout

of Bell & Howell Co. and Itel Corp.'s acquisition of 17% of Santa Fe Southern Pacific Corp.

Harris didn't make his friends by being friendly all the time. He is popular because he makes things happen, which sometimes requires being quite gruff and demanding. At Salomon he was known for calling the New York office and barking out a string of orders without even identifying himself. He can also be tough with clients.

Once, when a client held a secret board meeting to discuss axing its chairman, Harris came along to assist. At one point he is said to have stood up and shouted to the group: "No, you don't do it that way! No, no, no!" Harris says he can't recall that incident—but doesn't dispute it.

These days Harris has a lot to say about his industry. He is particularly wary of the amount of leverage used in some deals. "I look at the numbers, and I have a very difficult time understanding some of them," he says. "We are going to wake up one day and find ourselves with a lot of problems on the financial side for deals that come at the end of the business cycle."

LUCKY CHARM. At least Harris puts his money where his mouth is. Seeking to influence future dealmakers, he provided the initial \$1 million endowment for the J. Ira Harris Center for the Study of Corporate Finance at his alma mater. For the center's first conference, held last year, speakers included Kelly, Bruce Wasserstein of Wasserstein, Perella & Co., Salomon Chairman John H. Gutfreund, Securities & Exchange Commissioner Joseph A. Grundfest, and Henry Kravis of LBO experts Kohlberg Kravis Roberts & Co.

Unbeknownst to many of his friends, Harris believes in something you can't acquire at any college: luck. Ever since he was a toddler, he has carried a lucky charm in his pocket. And since his birthday falls on Apr. 13, he makes a point of including the number 13 in his business and home telephone numbers and on his license plates. Someday he may even get his golf handicap down to 13. But for now it looks as if Harris is too busy to work on his golf game that much. Besides, playing better might distract him from his side bets.

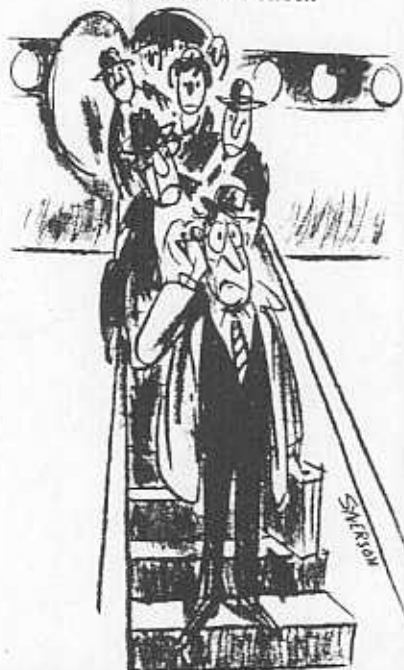
By Kathleen A. Behof in Chicago and Peter Finch in New York

IRA HARRIS AT LAZARD: HIS BIGGEST DEALS

Client Transaction	Price Millions of dollars
BRIDGESTONE Bought Firestone	\$2,600
COMMERCIAL CREDIT Bought Primerica	1,700
RJR NABISCO Stock buyback	1,100
BALLY MANUFACTURING Spun off hotels, casinos	1,000
AMERICAN HEALTH CORP. LBO	65

DATA: LAZARD FRERES & CO.

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