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Billions and Billions

Exhilarating is the best word to describe the harrowing approach into San Diego, California. The chartered jet slipped in just above the buildings that pierce the sky east of Lindberg Field as the lights of the city twinkled brightly beneath them. The three-engine Falcon 50 would be Value America's magic carpet for the next two weeks as Craig, Rex, Dean, and the company's shiny new CEO, Tom Morgan, embarked on a nationwide tour of investors. Our second Initial Public Offering road show had officially begun.

The IPO was structured to sell five million shares of Value America stock at between $14 and $16 a share. We expected to raise about $75 million, roughly the same amount we had just raised in our Series C round. This $150 million nest egg, with careful stewardship, would be enough to fund the company's growth well into 2001.

As our guys had gathered, Craig had felt a little tickle in his throat, which he ignored, since there was little he could do about it. Now it was in flames. He was running a fever and was beginning to cough. Worse, when he opened his mouth to tell Rex, hardly anything came out.

Everybody had a role in the IPO presentation, but Craig's was by far the hardest. His remarks were carefully crafted to encourage questions and draw the audience into the fray. At fifteen minutes, his prepared speech was a miracle of brevity.

Our road show was a far cry from a succession of guys delivering canned speeches from behind a podium. Rex's and Craig's portions had to appear extemporaneous to properly convey the confidence and credibility necessary to prevail in this hostile environment. Dean's financial review was both memorized and brief. It, like the other parts, was supported with visual fireworks we had developed in-house. Every couple of sentences, a new graphic would appear on the screen, supporting the spoken words, bringing the complex concepts to life, making the whole add up to more than the sum of its parts.

When Craig finished, he would introduce Rex. With considerable flourish and maximum dramatic effect, Rex demonstrated how the store worked, especially our multimedia presentations. This was the fun part. Our store in the hands of someone who knew its unique features was totally captivating. Rex was at the top of his game. He exuded confidence as he courted the audience and played off the serendipity of their varied reactions. Then, following the store demonstration, Rex would introduce Tom Morgan.

In the preparation for the IPO, we had discovered that Morgan was considerably less capable than he appeared. The reason he was such a good listener was that he had little or nothing intelligent to say. The first hint was subtle. Tom was conspicuously absent from all of the high-level maneuverings that ultimately got our show on the road. But now, sadly, the founders recognized one of the reasons he said so little was that he couldn't speak, at least not very well. There was no conviction in his voice, none of the authoritative tone so essential for leadership, no sales ability of any kind. But while this was disturbing, especially considering Morgan's lofty salary, it wasn't debilitating; Craig and Rex possessed enough charisma and sales prowess to compensate for Tom's deficiencies.

Before our team arrived in San Diego, Craig had tried to help. He wrote Morgan's ninety-second part and coached him on its delivery. He relegated Tom's role to introducing our team, using the pictures we had taken for our first IPO. Craig titled the slides for Tom and composed a revealing thought he could add to his introductions. Morgan would conclude by introducing Dean, who after explaining our financial model turned the baton back over to Craig for a wrap up and Q&A.

That's how it was supposed to work. A Craig Winn with laryngitis and a hacking cough didn't exactly fit the game plan. In desperation, Rex took the script and retired with Dean to learn Craig's lines. The two worked 'til the wee hours. But the problem wasn't the speech; it was the questions it invited. Rex and Dean knew they were in trouble. As for Craig, he hit the nearest pharmacy, bought all the drugs he could carry, and went to bed.

The road show got under way at precisely six forty-five Wednesday morning at Wall Street Associates in La Jolla. Craig, Rex, and Dean vividly remembered having been slapped in the face the last time they were here. It had been the first clue we were in trouble.

Although Rex was ready, Craig's voice held. For the moment, at least, it seemed a good night's sleep had been just what the doctor ordered. This was a great relief to the silver-haired attorney. Rex knew from his initial road show experience that the prepared speech was seldom what investors heard. Rarely would the preamble have left Craig's lips before the questions started flying.

The vast majority of the investors knew nothing about retail, and little about Internet commerce except what they had read about Amazon. Craig's modus operandi was to use their questions to educate them on the realities of retail and how Value America had been invented to solve the problems others endured. Honest inquiries were met squarely with intelligent answers dredged from Craig's quarter century of experience. This, of course, was a problem for Rex. He had three years of observing his partner going for him, but that, he feared, was not nearly enough.

With Craig's voice, if not his normal temperature, temporarily restored, Rex was off the hook. The show went on as originally planned. Sort of. Tom Morgan had only ten short sentences to deliver, but to everyone's chagrin, he began with what amounted to an apology for not really knowing what he was doing, being new and all. Our new CEO either had a terminal case of stage fright, or he was not the business leader he had made himself out to be. Craig and Rex prayed that Tom's foibles weren't actually what they now appeared to be: an ominous sign that he wasn't very smart.

For their part, Wall Street Associates reacted enthusiastically. The market was receptive, having recovered from September's gloom. They agreed to buy as much Value America stock as Robbie Stephens would allot to them. One meeting down. Sixty-one to go.

The presentations were scheduled an hour and a quarter apart, which left no time for idle chatter and precious little for ground transportation. The group made two more meetings that morning in San Diego, and by noon they were in Los Angeles for three more. They received enthusiastic yeses from Duncan Hurst, Nicholas Applegate, Provident, Capital Research, and Trust Company of the West. We were on a roll.

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The four spent Wednesday night at the Mandarin Hotel in San Francisco. Thursday promised to be a big day: eight meetings in and around the city by the bay, packed into time slots like sardines in a can.

They started early at Van Wagoner Capital on California Street. Craig felt awful, but he answered the bell. He was running on drugs and adrenaline. Another yes. Then the group made the short trek to the Transamerica Tower, the skinny pyramid on Montgomery Street that had become the defining feature of the San Francisco skyline. At eight forty-five, they walked confidently into the offices of Transamerica Investments on the sixteenth floor, right into a brick wall. As Craig, refluent with Robitussin, began his corporate overview, he delivered the first of our dot-com heresies:

"We reach more people using off-line advertising to drive online sales. Last year we launched the first extensive print advertising campaign for any online store. It increases our credibility and brand share, and provides us with a throttle—we can ramp up rapidly to capitalize on opportunities. With off-line advertising, we benefit from vendor co-op, where brands pay us to sell their products. Brands understand the dynamics of traditional reach and frequency better than they do the more nebulous nature of virtual banners….

"Mature retailers invest as little as two percent in advertising, a ratio of fifty to one. Our model is more modest…yet advertising is a core competency. In cities where we advertise, we have achieved greater brand awareness in a shorter period of time, on less money, than most anyone…."

At that point, an investor, a self-proclaimed expert on all things dot-com, jumped all over Craig. With a big stake in Amazon, he had bought into the whole media metrics popularity myth. So he attacked our fanatical notion that e-tail was really another permutation of retail and that there were other ways to advertise than enriching portals. Craig held his ground, time and again letting the investor crawl out onto his limb, which Craig then proceeded to cut off using facts and insight honed by years of experience. The meeting went downhill rapidly and ended early. Transamerica declined to participate.

We didn't know it then, but this firm would be the only one to say no. As the days wore into weeks, sixty-one out of sixty-two meetings would cause cash to flow from those who had it to those who wanted it.

The ten o'clock spot was scheduled with J.H. Gambini, the firm whose namesake, Jake Gambini, Craig had bonded with so quickly the previous September. This promised to be interesting. During our darkest days following the failed IPO, Craig had tried to contact Jake, but had never heard back from him—strange for a man who had so strongly expressed his desire to be included in any future investments.

"Why didn't you return my phone calls, Jake?" Craig asked.

"What phone calls? I didn't know you called."

Craig was dumfounded. "You're kidding! I called you three times and left messages. Not only that, I called the father of your godson, Dale Dandridge, and asked him to call you on our behalf. Not once, but twice."

Jake shook his head. "That rascal. He never called me, Craig, I swear. You know I would have helped."

All the big words from Dale Dandridge and the other Robertson Stephens execs came rushing back: Don't worry. We'll raise the capital to keep you going. Jake Gambini had been the perfect candidate. All they had had to do was make a phone call, and he would have jumped in with both feet.

Before the presentation began, Jake said,"Look, Craig, it's obvious your IPO is going to be a big success. You'll be grossly oversold, and everybody's going to be begging for stock. I want ten percent of the deal, five hundred thousand shares. I'll be your most loyal holder. Do this for me. Call Bentley Hollis and Gordon Conover. You tell them I want half a million shares."

Craig passed Jake's request along, although he had serious concerns. Gambini had never actually listened to a Value America presentation, and he was still loaded with Amazon stock. Our models were like oil and water. The relationship between Dale and Jake was becoming suspect, too. Yet Jake understood retail, and he said he was willing to hold his stock. Few investors seemed to fit that profile. Many are opportunists, clamoring for an anticipated first-day pop, planning to flip their shares for a profit. Craig and Rex were under no illusions. They knew they were just a piece of raw meat.

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If one were to watch the faces of investors as they listened to the presentation, it wasn't hard to pick out the ones who liked us for the right reasons. But even the skeptics invariably came around when Johnson laid down the "boring" part of the pitch: the financials. To an investor on the lookout for a budding success story, his polished prose was pure poetry.

"Value America generates revenue from the sale of products," he began, innocuously enough. "This is pure e-commerce. We sell products on the Web and earn a margin. In addition, product presentations, site advertising, credit origination, and product renewals provide revenue diversity, all with gross margins over eighty percent.

"Our sales more than doubled from the first quarter of '98 to the second, and they tripled from the second to the third. Fourth quarter sales were impacted by our postponed IPO and the subsequent reduction in capital. However, when our future funding was assured, we resumed advertising and achieved sales in the last five weeks of the year that nearly exceeded the sales of the entire prior quarter! [There was no point in explaining how Dorchak had almost spent us into bankruptcy.] And speaking of funding, Value America has now raised one hundred and thirty million in private equity capital, more than any Internet company prior to their IPO, more than any of the previous leaders, @Home, AOL, Amazon, and Yahoo!

"Value America requires no working capital financing. We sell products out of the brands' warehouses. Credit card funding is swift, and payables average forty days. With no receivables and virtual inventory, trade financing generates cash. We're a self-basting bird!

"Value America's path to profitability begins with sales growth and leveraging our operations. Our inventory-less model is designed to run at four percent of revenue. Advertising is becoming more effective, and we expect brands to eventually fund over half our marketing budget. Once we've achieved scale, we will be profitable. As you can see, the Internet is the key enabler for very high levels of productivity.

"Over time we expect to achieve a fourteen percent overall blended gross margin. Overhead at four percent of sales and net advertising, after co-op, at five percent, yields a five percent operating profit. This is remarkable because, like a bank, we earn this margin on other people's assets."

September this wasn't. Although our team was doing the same thing they had done the previous fall, the reactions, and results, were radically different. Nobody was asking, "What price will you accept?" The only question on investors' minds was, "How many shares can we get?"

The team finished up in San Francisco, moved on to Janus, Invesco, and other big firms in Denver, and then flew back to Charlottesville for the weekend. Unlike the September attempt, the key cities of New York and Boston were not held in reserve for later in the road show. Bright and early on Monday morning, Craig and company began two grueling days—fifteen meetings—in the Big Apple, followed by a nine-meeting marathon day in Boston.

Craig was getting sicker. Whatever this bug was, it wasn't responding to medicine, and it wasn't overly impressed by a night's sleep. The fever grew, and Craig's voice faded, but the road show just kept going. The audiences, while showing none of the open hostility of the previous September, still asked a plethora of questions, most of which only Craig, of the four, could adequately answer. Our prospects were inevitably linked to his health.

These brief encounters aren't exactly cordial. Institutional investors have heard it all. They aren't easily persuaded. They're experts at disrupting presenters and probing for weaknesses. The game itself is rife with pitfalls. Investors can ask whatever they like, but thanks to the SEC, the company must be incredibly careful in how it responds. In the field of retail, Brit lacked experience and Rex lacked the financial understanding to stray far from their prepared scripts. Tom couldn't even introduce our team convincingly, much less provide extemporaneous elucidation on the finer points of e-commerce. Craig, fearful that the investors would be unimpressed with our new CEO, had to insulate Tom, but in order to do that, he had to be there, sick or not.

Fortunately, even as the quality of our presentations faded, we remained a scorchingly hot commodity. The sellers became the sellees. "Please lobby the bankers to allot us more shares," they were asked repeatedly. There were only five million shares to go around. By the time the road show was half over, the subscription had been oversold by a factor of ten: in other words, if we'd had fifty million shares to sell, we could have sold them all.

The ground rules for pricing a hot IPO go something like this: if interest in the stock is strong, then the middle of the range, in this case $15 a share, is where the price is set. However, if the offering is oversold several times over, the upper end of the range, $16, is a possibility. In rare cases of extreme demand, the price range might even be raised—instead of $14--$16, it might bump to as high as $15--$17 a share. Only the very best IPOs, with the investment community clamoring for stock, enjoy a lift in the range. It doesn't happen often, and seldom by very much.

As the road show wore on, it became obvious that there wasn't nearly enough Value America stock to go around. A lot of people were going to get less than they wanted. That worried Craig and Rex because they had promised to make stock available to the friends of the company, those who had kept us alive in darker days.

Problems like this, though, were the direct result of unmitigated success. The word had apparently gotten out. Unlike the previous September, when the typical luncheon had been attended by a dozen people, we were now filling the grand ballrooms of major hotels with hundreds of investors. We were drawing standing-room-only crowds, often with people stacked two to three deep along the back walls.

The media caught the buzz as well. Most everywhere the troupe went, the press corps were there to greet them. Fortune magazine wanted to give their readers an insider's look at what it was like to be caught up in the whirlwind of a dot-com road show. They asked a reporter to follow the team from city to city. Craig, of course, loved the idea. A major reason for going public was to gain free publicity. Media attention served as an accelerant for our advertising efforts. But the lawyers, ever in character, were horrified. A healthy Craig would have taken them on and prevailed, but in his present condition, he simply acquiesced.

By the end of the second day in New York, Craig looked like the walking dead. As they finished a meeting in the World Trade Center, his knees buckled. Rex caught him before he hit the floor and helped him into the elevator. "I'm not going to make it tomorrow, guys. We've done New York, but I'm finished." The last two days had included some of the biggest names in finance: Oxford, Oppenheimer, Fortis, Dean Witter Reynolds, Amerindo, Bankers Trust, Warburg Pincus, Ardsley, Scudder Kemper, and the venerable J.P.Morgan. They had been grilled, probed, and pounded by the hot-shot New York investment community and had emerged victorious: every one of them had said yes. But Craig's body was screaming no! He had run out of gas. "You're going to have to go on without me," he said, forcing the words out between hacking coughs.

Rex and Brit helped him to the limo. The team drove to the airport amid a pall of eerie silence. The moment was bittersweet—rife with irony, contradictory, glorious, and frightening.

The Falcon 50 was waiting to take them to Boston. It would be the longest and by far the hardest day on the schedule. The jubilation that accompanied earlier flights was now missing. They quickly ate on the plane and sent Craig to bed when they arrived. Rex and Brit went to the hotel bar.

"He'll make it," Rex said.

"Craig? No way," Brit responded. "I've never seen a person that sick still vertical. It's not going to happen. We're on our own, I'm afraid."

"He'll make it," Rex repeated. "It's Boston!"

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six thirty the next morning, Rex, Brit, and Tom were having breakfast in the hotel dining room. The conversation revolved around how they could expect to fare without Craig fielding the questions. "I'll be honest," Brit said. "I know my own world well enough, but not retail. You've been with him for three years, Rex. Besides, you're a lawyer—you're supposed to be a silver-tongued devil. The Q&A is yours."

Rex figured Brit was right, but it wasn't going to be pretty. "Well, I…" He stopped in mid-stammer and looked up. He then tossed his napkin on the table, grinned, and finished his thought, "…don't think that'll be necessary. Would you look at that? Lazarus walks!"

Craig, looking better than he felt, stumbled to the table. “Get him some hot tea,” Brit said loudly, catching a waiter’s ear, “with lemon and honey.”

A road show waits for no one, so ready or not, the festivities began again with a seven-thirty meeting at Standish, followed by Fidelity, Massachusetts Financial, and State Street. At twelve thirty, there was a group luncheon at the Bay Club. Craig was fading fast, but he put on a bold face. The experience reminded Rex of a boxing match, where round after round, Craig would go out and do battle only to fall back into his corner a little more beat up than the round before. He and Brit would fan him with a towel, give him a drink of water, tell him he was doing great, and send him back out there again at the bell. Only problem was, every round Craig faced a new, fresh opponent.

Throughout the road show, the vast majority of their audience had been young, investors in their twenties and thirties, long on education and short on experience. But at Putnam, at least half of the seven or eight investors jammed into the small conference room had gray hair. Their senior managers had turned out en masse to check out the boys from Virginia and their scorching IPO.

Nobody had been a pushover, of course, but these guys were aggressive. They challenged everything, wanted to know why, how, when. It wasn’t so much that they were belligerent; they were just merciless. These seasoned skeptics had seen it all, and they apparently wanted to impress their underlings. They were going to take some convincing.

By this time, our offering was hugely oversold, and we knew it. So Rex became protective, angered by Putnam’s incessant probing. If they can’t see the value in this, screw ’em. Let’s move on. We don’t need these guys. We’re better off letting Craig rest. His health is more important than this sale.

Craig didn’t see it that way. The harder they probed, the more aggressively he countered, providing answers they couldn’t refute. Rex and Brit felt helpless and frustrated. These were the toughest questions yet. They couldn’t answer them, and Craig didn’t know when to quit.

Rex did the only thing he could do to protect his friend from the pounding. He got up and shut down the computer in the middle of Craig’s response to a question about how co-op payments from brands are an offset to advertising costs, not revenue. Rex announced they were leaving. The investors were taken aback. We are a big, respected outfit. You can’t just get up and walk out. Rex didn’t care. He was in mother hen mode.

Everyone was surprised when Putnam asked for the maximum allotment. Treating us like garbage didn’t mean they thought we were.

The day ended mercifully, surrealistically. By the time team Value America arrived at their last Boston meeting, they were a couple of hours late. It was well past seven o’clock. But to their surprise, these investors acted more like old friends than adversaries. “Can we get you a cold beer?” they asked, and then, “Why don’t we just sit and chat for a while, get to know one another.” This was followed by, “Forget about the presentation. You guys have this thing so oversold it’s not going to matter anyway. We’ve already placed our order for as many shares as Robbie Stephens is willing to give us.” Hard to believe, but true.

This was clearly turning into a phenomenon. As a result, the bankers decided to rethink their pricing strategy. With the stock oversold by fifteen times and demand rising rapidly, they acted. They told Craig that they were going to raise the price range, and not by just a smidgen. They would give it a huge shove, to $20 to $22 a share: one of the largest price range hikes for any IPO ever, dot-com or otherwise.

Putting this in perspective, there were over forty-three million shares of Value America stock outstanding. Bumping the price up by six dollars a share effectively raised the company's valuation by $260,609,170, and this was only the increase. Put another way, it put an extra $132 million in the net worth column of Craig Winn and Rex Scatena. Not bad for one phone call.

After Boston, it was on to Milwaukee, Kansas City, Philadelphia, Baltimore, Minneapolis, Detroit, and Chicago. The team had had it. They were exhausted, and Craig was still sick. They had visited, it seemed, every financial center that could boast an airport from California to New England. There didn't seem to be much point in going on, since the IPO was now oversold twenty times over. There was literally nothing left to sell. But two Texas towns, Dallas and Houston, loomed on the horizon.

"We're not going to Texas, Dale," a weary Craig told the analyst. "There's no point," he coughed into the phone. "Let's call it a day."

"Please, just two more cities. It isn't the shares. It's the relationships."

"Yeah, your relationships," Craig sighed. "We're just this week's hunk of meat." Coughing again, Craig surrendered. "Alright, we'll go, but not me. I have to be in Raleigh-Durham for an IBM meeting. I'll ask Rex and Brit to go to Texas. They'll do a fine job."

Craig couldn't bring himself to send Morgan. His performance had not improved with practice. As our new CEO had gotten more familiar with his part, his delivery had gotten sloppier, almost lackadaisical. In an environment where salesmanship and enthusiasm were base-line requirements, Tom's hesitant delivery had come to grate on everyone's nerves like a toothache. He was sent home.

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It was an easy taste to acquire, these perfect steaks at the restaurant owned by legendary baseball announcer Harry Caray, in the Windy City. Craig and Rex decided to indulge themselves, just the two of them—reflect on life's journey and the incredible place to which it had led.

So many dragons had been slain in the last three years. So many times, their backs had been against the wall. So many times, they had been mugged by fate and left for dead, only to recover, dust themselves off, and charge ahead. And now it had come to this—it was shaping up to be one of most incredible IPOs of the dot-com era. They speculated on where the deal would finally price. Craig sensed that it might actually end up above the newly elevated range.

The overwhelming demand for our stock had another ramification as well. IPOs have a feature known as "the green shoe," which gives the bankers the right to sell an over-allotment of shares, up to fifteen percent, should demand be sufficient. But unlike the five million shares created for the IPO, diluting everyone, this block consisted of shares that were already owned.

"Looks like they're going to exercise the green shoe," Rex said.

Craig smiled. "Good thing. Those shares belong to you and me."

“Paper wealth is all very nice, but with the lock-up, we won’t be able to sell anything for six months. This’ll put a little cash—hard-earned cash, I might add—in our pockets. Let’s see. Five million shares times fifteen percent is seven hundred fifty thousand shares. If they price this at the upper end of the range, say at twenty-two bucks, it’ll mean we’ll split seventeen million.”

Craig was starting to feel better.

Rex raised his glass. “Here’s to birds in the hand, my friend.”

It was a good news, bad news story. $22, the price they would receive from Robbie Stephens, would be less than a third of what the stock would be worth the following day.

The prospect of a deal well done wasn’t the only reason to smile. Craig and Rex shared a secret that only a handful of people on earth knew at the time, and it was pure dynamite. The first quarter had ended a few days earlier, and they knew we had performed incredibly well. It’s almost proverbial among companies going public that their first quarter out of the chute falls short of expectations. It’s always the same story. It takes so much effort to achieve an initial public offering, businesses lose focus, execute poorly, and as a result miss their prognostications. But not Value America. We had beat our target by thirty percent.

In five weeks, our Q1 numbers would be announced. If there were any logic, any science, to this, the price of our shares would shoot into the stratosphere. Still, it was delicious indeed, sharing a secret that had the potential to make the dreams of everyone who had believed in us come true. Their New York strips were bland in comparison.

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Craig was proud of his old friend as Johnson described the masterful job Rex had done presenting the company in his stead. As the last meeting concluded, with AIM Capital Management in Houston, Rex reported that he had imbued the occasion with a heartfelt sense of destiny.

“History,” he said, “is being made here today, and you’re a part of it. This is the last presentation in the greatest road show of the dot-com era.”

Moments later, in a quiet conference room at IBM’s headquarters, Craig called Dale Dandridge, Gordon Conover, and Bentley Hollis. They were together in San Francisco, awaiting his call. Bentley began by reviewing the long list of people the team had encountered. As he read their names, he enumerated how much stock each had committed to buy and listed how much each was actually allocated.

“What we’re witnessing here, Craig,” Bentley said, “represents a success rate better than any IPO we’ve managed. Every investor but one of the hundred and forty firms you met with one-on-one or at one of your group luncheons has asked for the maximum number of shares. You’re oversold more than twenty times.”

The magnitude of the whole affair was only beginning to sink in. It was one thing to win an election. It was something else again to win with ninety-nine and a half percent of the vote.

“We have a problem, Craig,” Conover said. “You told us that the people on your ‘friends of the company’ list would say yes, but we told you they wouldn’t, because, frankly, they seldom do. They just talk a good game because they don’t want to disappoint the company’s founders.”

"Uh huh."

"Well, we called everyone on your list," Gordon continued. "Every one of them committed to buy—every last one. Even your friend Jerry Falwell is in."

"So the problem," Dale explained unnecessarily, "is that the company's friends are only going to get a twentieth of the stock they want."

"C'mon, guys," Craig pleaded, "five percent of the shares they requested is meaningless. It's an insult. Without these people, we wouldn't be here. You've got to do better. "

"We can't. Not with five million shares."

"Well how about this?" Craig asked. "Increase the number of shares—say half a million, to five million five hundred thousand. Take care of our friends with the increase."

There was a long pause. Finally, Bentley spoke. "Umm, well, okay. I can't remember this ever happening before. If it has, it's rare. But it's legal, I suppose. Sure, why not! We'll do that."

"Thanks. Now, what's the price?"

"You know the drill. We want to give our clients a twenty percent bump. There appears to be plenty of support around thirty dollars. Twenty percent of thirty is six, netting twenty-four dollars a share. Right now, we have demand to spare. You can push it higher if you want, twenty-five dollars, maybe more. It's your call, Craig. What do you want to do?"

"They slaughter pigs. Let's be good guys, good corporate citizens. I think twenty-three dollars a share would be fine. The price will go up soon enough, I have a feeling."

Relieved chuckles were heard as Gordon Conover spoke for the group. "That's great, Craig. This is going to go over real well—it should endear you to all of your shareholders. Thanks a million." Actually, thanks 4.5 million—Robbie Stephens' take on the deal—Craig calculated in his head.

There was a pause. Now that the negotiations were done, Gordon cleared his throat. "Y'know, Craig, this IPO of yours was remarkable. I hope you know that."

Craig coughed again. His throat still hurt.

"You're going to raise…" Gordon paused as punched the numbers into his calculator, "a hundred twenty-seven million dollars. Plus we're going to exercise our over-allotment. That's another nineteen million, a hundred and forty-six million all together. That's twice what we expected." He paused again as he did another calculation. "It also means that your company is now worth one billion dollars. Congratulations!"

"But it goes beyond that," Bentley jumped in. "This was a class act. As a matter of fact, we are not aware of any IPO—whether at Robertson Stephens or elsewhere—where the deal was as greatly oversold as yours, where the price range was raised as much as yours, and then priced higher still. No IPO I've ever managed had as high a percentage of investor participation and demand per investor as yours. Add the unanimous participation of your friends of the company and…well, all I can say is that this was spectacular. I, we, want to thank you for letting us be a part of it. There may have been bigger ones, but Value America's IPO was among the very best."