

To: jeevacation@gmail.com[jeevacation@gmail.com];
jeevacation@gmail.com[jeevacation@gmail.com]
From: petermandelson [REDACTED]
Sent: Sun 1/23/2011 12:44:09 PM
Subject: Fw:

Good stuff
Sent from my BlackBerry® wireless device

-----Original Message-----

From: "Benjamin Wegg-Prosser" [REDACTED]
Date: Sun, 23 Jan 2011 10:34:44
To: Peter Mandelson [REDACTED]
Reply-To: [REDACTED]
Subject: Fw:

Helpful
Sent from my BlackBerry® wireless device

-----Original Message-----

From: "James Palumbo (MSHK)" [REDACTED]
Date: Sun, 23 Jan 2011 09:36:20
To: [REDACTED]
Subject:

Benjameen,

I've had another quick skip through your materials.

Overall, I think you've made a remarkable start for a new business, Mr.Grumpy is very lucky to have you.

The question I'd ask going forward is;

Is Global Counsel trying to be all things to all people? From your impressive 'lead list' it seems that you're able to advise pretty much anyone who comes through the door, with the first tranche of fees averaging around £200,000.

Now it might well be that this is the case, but it does seem a bit indiscriminate. The best bankers/advisers usually adopt a less is more approach and have a handful of higher value clients - say, £400,000 pa - to whom they add significant value on an on going basis.

I slightly have the impression that you're going to run these exercises with the current client roster, then some might not necessarily renew.

There's also a fantastic geographic and industry sector diversity - Russia, China, South America, Africa, oil, banking, governments, professional services.

I'd be inclined to take a step back and think through where this is all going from a strategic and manpower point of view. You've got the raw material, but somehow it all seems too much, breathless and I'd be concerned about medium term servicing issues.

A possible, tougher, business model might be to require a minimum fee of, say, £400,000 and if that means forgoing sending BAE country reports then so be it.

To the objection that new businesses need to build towards minimum fee levels, I'd strongly counsel that the way you set out your stall will set the direction, especially in terms of reputation, for the future.

In business it's really tough to say 'no', and new advisory businesses sometimes take on too much because of the need to cover overheads.

I'd rather see Global Counsel with fewer high quality long term clients, possibly with a sector focus - China/India/Middle East - than putting itself in the position of having to bat all round the wicket.

Regarding the numbers you've got £500,000 of success fees. I'd take these out. At present you have no visibility on timing or quantum, it's highly unlikely that your August and September targets will be hit. Success payments are significantly more nebulous than consulting fees, I'd be careful about allowing anything so speculative to creep into the budget.

Having said I think you need to focus, I do believe you also need to consider how you're going to provide communications and corporate advisory services.

The executional output of a lot of what you're doing will involve PR and transactional dimensions. Now you may chose to sub contract these, but it seems a pity to let a third party take care of a potential 5-10 year communications mandate worth £250,000 a year from CICC.

I don't think it would be difficult to ring fence this activity internally and make it a good mini profit centre. Providing communications services could also act as a business generator a la Freud and Roland, and be a good offering to be seen to provide.

In relation to corporate advisory services, I accept you'll need to work with third parties for now, despite the loss of the client relationship which this will involve. But the issue still needs some long term thinking.

Turning to your CICC letter, this is an exemplar of my all things to all people concern.

Surely what you're trying to say is 1. We'll help you think through your european strategy. 2. We'll help you communicate it. 3. We'll help you execute - people/deals. So why not just put it in so many words, 'war books' and policy ideas aren't the right language.

In relation to introductions, you need to find other language, you just don't want to position yourself as middlemen/introduction agents.

In relation to fees, all you need say is you charge a monthly retainer and success fees according to industry standards, all to be discussed once the three points above have been thought through.

Overall, keep it simple and aim for a strategy that binds the client in long term without creating too high expectations.

I hope the above is helpful.

As I say, I think you've made fantastic progress, all new businesses need a tweak. You've got superb foundations, now it's just a question of a slow, steady build keeping in mind the best in class principle.

I've destroyed all the documents you gave me, but I'd be happy to look at a revised budget or help in any way I can.

All best,

James

Reception: [REDACTED] Fax: [REDACTED]
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