

# WORKING WOMAN

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**The *Hottest*  
Woman on  
Wall Street**

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**Elaine Garzarelli  
of Shearson Lehman  
Brothers**



# THE Hottest WOMAN on Wall Street

BY SUSAN ANTILLA

As one of Shearson's top stock market analysts, Elaine Garzarelli is usually right on target. But her flashy style and shameless self-promotion break all the rules.

Garzarelli at home with her dog, Coco.





Garzarelli, 39, isn't your typical research analyst. She's the hottest woman on Wall Street.

What makes Garzarelli so successful is that she's usually right. Her major claim to fame is that she predicted the market crash a full week before all hell broke loose on October 19, 1987. She was also correct last fall, as the Persian Gulf war loomed. Most analysts advised clients to run for cover, begging them to convert to cash, but Garzarelli urged investors to buy stocks. This brought on a chorus of laughter from competing analysts. By mid-March the Dow Jones industrial average had gained 13 percent, and the smiles faded fast.

**G**arzarelli actually operates in two financial arenas. For two weeks a month she holes up in her Greenwich Village apartment and cranks out her Sector Analysis Monthly Monitor, a 100-page market forecast that advises clients on where to invest their money. She spends the other two weeks traveling around the country, meeting with Shearson's clients over breakfast, lunch and dinner. In between calculations and phone calls, Garzarelli also works on managing a \$500 million mutual fund for Shearson.

Her track record throughout the 1980s was impressive. Based on the figures of Coopers & Lybrand, an accounting firm hired by Shearson to go over Garzarelli's research, investors who followed her advice between 1982 and 1987 outperformed the stock market by an average of five percentage points a year. Only a handful of money managers match the Dow consistently, much less surpass it.

Although the mutual fund that Garzarelli has managed since 1987 fell short of expectations in its first few years, investors aren't complaining now. In the first three months of this year her Sector Analysis Portfolio fund gained 22 percent—miles ahead of the 11.6 percent Dow industrial average. And despite impressive gains last spring in the stock market, she's still extremely bullish. "The Dow can go to 3,300, unless the Federal Reserve Board raises interest rates," she says. "The time to sell some stocks would be if the three-month treasury bill rate rises to 6.6 percent."

The vivacious Garzarelli has become a stock market superstar by being brainy—and by breaking all the rules. A Shearson executive vice president, she is rarely in the office, regularly arrives late to meetings and courts the press with fervor and refreshing candor. In a business where many executives cover behind public-relations staffers who monitor their every word, Garzarelli personally returns reporters' phone calls with alacrity and makes a stunning number of television appearances. She also follows up negative coverage with questions of her own. When *Business Week* put her on its "What's Out" list in 1989—a bad year for her fund—she frantically called reporters there seeking an explanation. When *Institutional Investor* ran an unflattering drawing of her on its "All-American Research Team" cover, she called the artist to offer new photographs of herself so she'd look better the next year.

On Wall Street, where most of her financial colleagues dress conservatively for success, Garzarelli stands out like a Jackie

Collins novel among the reference books. She owns 10 pairs of color contact lenses, wears short skirts and spiked heels, and has a habit of winking suggestively at clients and colleagues. Not surprisingly, in a business that likes neither women nor flagrant self-promotion, Garzarelli has come under constant criticism for being a media hound and a flirt. Former Shearson broker Patricia Mulligan says many brokers there were respectful of her work but resentful of her style. "Elaine had a great hairdo and wore great clothes," she says, "and there was something about that which rubbed people the wrong way." Her flamboyant looks have especially upset some women on Wall Street, who think Garzarelli's flashy image doesn't help women.

Garzarelli has heard the criticism before and insists it doesn't bother her. "I don't look good in the clothes and ties that other women wear on Wall Street," she says. "Why shouldn't I be stylish? And so what if I'm friendly and outgoing? I call it enthusiastic." Yet she's still somewhat sensitive to how others view her. "When *Fortune* wrote that I was 'seductively nibbling on my pearls,' I stopped," she says. Garzarelli also says she has tried to keep herself from winking, a habit she first spotted several years ago when she began to appear regularly on television. As for grabbing attention, Linda Friedman, a friend from college, says, "It's not so much that Elaine is looking for the spotlight. It's more of a certification. It reminds her that 'yes, I'm still worthy.'"



**Garzarelli was told to "get into a man's business" by her mother, who tended to favor her sons. Before majoring in economics, Elaine studied chemical engineering, and even had a chemistry lab in her basement, right.**

If Garzarelli shrugs off the personal attacks on her image, she has a decidedly different attitude toward those who take potshots at her work. Publicly slam her analyses and she'll quickly pick up the phone and offer samples of her work, or she'll send a politely written note suggesting that you speak to her lawyer if you're contemplating another salvo. When detractors whisper that she massages her numbers to make herself look good (a claim no one would verify for this story), Garzarelli points out that those same people have been known to hire away her assistants in order to duplicate her winning formula. In her defense, Marvin McMurrey of Houston's Investment Advisors Inc., a Shearson client, says Garzarelli's reputation stands on her record. "Her indicators have been very right," he says. "Finance has been a man's business, so I know she's working hard."

Garzarelli attributes her success to her own drive and to her mother's determination that she be raised like a boy. "My mother used to say, 'Get yourself into a man's business,'" she recalls. "She didn't want me in a Catholic school because I would have had to sit with the girls. And whatever I was doing



after school, she would tell me, "Don't come home if you don't win."

Growing up in suburban Philadelphia, Garzarelli hit the books in high school and was an exceptional student. At Drexel University, she began as a chemical-engineering major, but an introductory course in economics convinced her to switch her major in 1971. "It just clicked—I loved it," she says.

As an undergraduate she took a part-time assistant's job working for the chief economist at the brokerage firm A.G. Becker in Philadelphia. On her first day Garzarelli's boss told her to devise a system to predict what makes stocks go up and down—a big task for a part-timer. She set to work and came up with 13 economic indicators, which she still uses in her work today. A year later she started full-time at Becker while pursuing a master's in business at Drexel at night.

Her big break came in 1980, when John Hindelong was named director of research at the firm. He pushed her to make television appearances on business shows. Garzarelli was terrified at first, but she did it anyway, motivated by the fact that her bonus was tied to her ranking in an annual poll published by *Institutional Investor*. By 1984 Cable News Network's *Wall Street Week* with Louis Rukeyser and PBS's *Nightly Business Report* had discovered her—and so had Shearson.

As she moved up in the ranks, Garzarelli came face-to-face with Wall Street's brand of sexism. In the early days, she says, male clients could not believe that a 25-year-old woman economist could have anything useful to tell them, so they ignored her. And she ignored them. "I've tried to use sexism as an incentive to work harder, to prove myself," she says. At a meeting in 1987, when Garzarelli was assigned her mutual fund, "one fellow thought there should be a contract with a clause that



**Garzarelli went on CNN and predicted the crash of '87 a week before it happened. She was also right about the bull market of '91.**

## Where Women Do Best On Wall Street

Women have always had it tough on Wall Street. And while that's still true today, they are excelling in two key areas—research and sales. At Shearson, for example, about a third of the 74 full-time professional employees in the research department are women. Research analysts can either do the big-picture work that Elaine Garzarelli does—watching the overall stock market and economy—or zero in on a particular industry, recommending or panning stocks. The starting salary for an analyst at a big firm is \$50,000, but as Garzarelli has proved, the sky's the limit if you're good. There is also plenty of opportunity for self-promotion. Analysts are constantly quoted in the financial press and media on the health of industries, companies and stocks. Garzarelli suggests getting an economics degree, which allows you the flexibility of going into other careers, like politics or academia.

Sales is also a field in which women can move up quickly. After a year of building up a customer base, brokers at major firms earn between \$70,000 and \$100,000. But again, exceptional salespeople can earn up to \$1 million within several years.

If you're still determined to break into investment banking, try to get in at the bottom, and be ready with a proven record when times improve. Remember, though, that when times get better on Wall Street, investment bankers' hours usually get worse. If you couldn't pull an all-nighter in college, you might want to send your résumé to the research department instead.

—S.A.

protected Shearson if I ran off and got married." She refused to sign the contract and was awarded the fund anyway.

Garzarelli has also learned to handle come-ons from colleagues and business associates. When a salesman

from A.G. Becker asked to be let into her hotel room after dinner one night, she just said no and began to close the door—but not fast enough to keep him from throwing a matchbook in her face. "I just walk away" in those situations, she says. After two marriages, two divorces and one broken engagement, Garzarelli says she loves her independence. But she also talks passionately about adopting a child. "I have to do it," she says. "I'm getting older. I want to share so many things. I want to shop, buy her little clothes and teach her the stock market."

Elaine Garzarelli is a fascinating study in contrasts—a numbers cruncher who has successfully marketed herself as a hot commodity. "She's a bit of a bohemian," says Jeff Madrick, a business reporter for a television station in New York and a close friend. "She doesn't care about driving the latest car or living in the choicest neighborhood, and gosh knows she could afford Park Avenue if she chose to." While her peers on Wall Street adorn their offices with illustrations of English hunting scenes and Currier and Ives prints of Old New York, Garzarelli displays autographed photos of rocker clients like Joan Jett and Cyndi Lauper ("Elaine, Girls just wanna have funds," scribbled Lauper). Garzarelli herself sees no contradictions in either her style or her image, and neither do most of her clients. "Elaine is using every tactic she has to stay on top," says one male money manager at a small firm. "A man would use every means available to get clients to like him. Why shouldn't a woman?" ■

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