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Stephen Jennings' Exit Is a Big Loss for Russia

By Bernie Sucher

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Since the fall of Bear Stearns in 2007, the scene has been repeated tens of thousands of times. With colleagues staring, you search your desk for the things most important to you. You pack up the lot as best you can with whatever bag or box might be at hand. You say a few awkward goodbyes and walk out for the last time.

Stephen Jennings followed this script in mid-November, making his lonely exit through the doors of Renaissance Capital, the firm he led for 17 years. The world of finance offers bigger stages, but none of its actors has so captivated an audience as Jennings did in Russia. From the first day, Renaissance Capital was a high-wire act, a collection of colorful and super-aggressive money men banded together by vaulting ambition for wealth amid the land grab that was Russia in the 1990s. That ambition was feral, just barely restrained by the superior, concentrated professionalism that became the firm's competitive attribute. Renaissance, inspired by Jennings' beloved Kiwi rugby tradition, was in your face: muscular, fierce, fast and intimidating.

By the time Boris Yeltsin beat the Communists in the 1996 presidential election, Renaissance commanded a field filled with dozens of homegrown competitors, startup brokers and investment banks growing pell-mell with the opportunities of privatization and the spread of the market economy. Brunswick, Grant, Alfa, Rinaco Plus, UFG, Nikoil, ATON, Troika Dialog and other investment banks were the pioneers of a new, robustly capitalist and entrepreneurial Russia.

The country's financial and economic collapse in August 1998 slashed each of these green shoots like a reaper's scythe, with the towering Renaissance taking the deepest cut of all. Amid the ruin, with no liquidity, excessive staff and no prospect of revenue, clients and counterparties reneging on obligations, the firm's founding partners turned on each other. The fight wasn't pretty, but it was over quickly. Even in this hopeless condition, Jennings wanted the bank more than anyone else. Renaissance was now his.

Recklessly daring and capable, Jennings proved indomitable in defending the shattered remains of the company. A charismatic, intense leader, he rallied his best people to a challenge few of them understood and for which none of them had bargained. Having once achieved historic firsts, like bringing Russia's inaugural initial public offering to the New York Stock Exchange, the Renaissance team instead now collected on bad debts. In the long winter that followed Moscow's default, during which traditional Western clients avoided trading any Russian securities, Renaissance scraped out a living in the murky shadows of what passed for the country's capital markets: desperate but somehow sharp and opportunistic enough to stay alive. If you were watching, what you felt was the iron will of one man who refused to let Renaissance die.

When the turn came, in the hopeful young years of Vladimir Putin's reign, Renaissance's surviving veterans were combat-ready and utterly committed to their leader. "OK, guys, where are we?" he would say, interrupting a contentious meeting of his officers. "Just give me the facts, cut through to the economics, and we'll know what to do."

Jennings knew Russia was going to boom. With renewed audacity and determination to make history in his own way, Jennings rallied hundreds of new recruits to his banner, fielding teams and products in businesses where many of his competitors did not yet imagine there were markets. As it had a decade before, Renaissance was setting the commercial pace for its peers. These were mostly stronger and larger firms now, with some of the original names merged into history and others becoming the bridge over which international investment banks crowded into Russia's version of Wall Street. If these new players lent the market a certain appearance of maturity, Russian finance was still in the first decade of the 2000s recognizably what it had been when Renaissance began: promising terrain for the profitable deployment of capital and for independent investment banks.

One is tempted to conclude that when the next big August crisis hit Russia in 2008, it was hubris that undid Renaissance. Many of the usual signs of overreach could certainly be cited: the breakneck expansion on many fronts, including Africa; five-star extravaganzas for headline personalities and political figures; breathtaking bonuses; and sprawling offices atop Europe's tallest and most expensive tower. But knowing what his grit and ingenuity had accomplished in even more dire circumstances, I believe that Jennings would have triumphed yet again.

In 2012, however, there is one powerful dynamic at work, one not internal to any firm or a function of any particular businessman's decisions. That dynamic was set in motion nearly five years ago, when Jennings was at the zenith of his power. It was in early 2008 that a large and skilled group of corporate money men set up shop at VTB, a state-controlled bank. Ironically, the global financial crisis that followed shortly thereafter ensured VTB's early success. That success encouraged Sberbank, the largest state financial institution, to swallow up Troika Dialog, Renaissance's worthy blood rival.

There was a time not long ago that Renaissance and Troika, entrepreneurial to their bones, vied with each other in a free market for the informal title of Russia's "national champion." Jennings, born in New Zealand, ill at ease with the language of Pushkin, never really had a chance at winning that particular contest. But over nearly two decades of vision, creativity, smarts and relentless drive, he brought to Russia more international investment capital, competitive talent and commercial dynamism than any other person. Russia's new model for the investment banking industry, which was based on state-owned actors, ensured that a firm like Renaissance could not endure. As a consequence, Jennings' singular record of accomplishment will likely never be challenged.

Stephen Jennings has taken his last walk out the door of Renaissance's Moscow offices. He is bound for Africa, a continent buzzing with boundless possibilities for someone with his rare gifts. Watching him go, I say Russia has lost a true champion.

Bernie Sucher, is a long-time competitor of Stephen Jennings, is a board member of ATON, an investment bank.

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