

Top 10 “Biggest Quits” of 2005

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The year’s review of resignations (and 1 strike) that had the most impact in the United States.

New York, NY, January, 2006 - 2005 was a year that provided several memorable shifts in U.S. power. The loss of valuable employees crossed every economic, social, and political sector, from 3M, to the Boston Red Sox, to the White House. On more than one occasion, this year’s employee turnover elite had historical significance.

“Individual commitment to a group effort - that is what makes a team work, a company work, a society work, a civilization work.”

- Vince Lombardi

Only U.S.-based departures could qualify for inclusion. To make the top 10, Retensa applies three specific criteria: (1) the magnitude of impact in the individual’s industry or field, (2) the degree of unexpectedness, and (3) the financial loss or loss of influence. To follow, Retensa presents the Top Ten “Biggest Quits” of 2005.

1. Howard Stern (Radio Host): Infinity Broadcasting Corp. (Viacom)

Frustrated with his situation at Viacom’s Infinity Broadcasting Corp. and irritated by burgeoning FCC fines, Howard Stern left for satellite radio provider, Sirius Radio. Many are describing Stern’s move as the most important event in radio history. While Viacom does not release exact revenue figures for Stern’s morning program, industry analysts have estimated that the show grosses \$175 million a year in advertising revenues and \$25 million a year in profits. However, that number will be dwarfed should Stern successfully entice millions of terrestrial radio listeners to the new media frontier.

2. Transit Workers Union (All Members): NYC Metropolitan Transportation Authority

At the peak of holiday season, the Transit Workers Union (TWU) launched a transit strike that gridlocked New York City for three days and stranded approximately 7 million commuters who rely on public transit. Traffic became measurably worse as the result of a tremendous increase in automobiles and consumer spending came to a halt. According to Mayor Mike Bloomberg, the TWU strike cost local businesses close to one billion dollars in lost revenue. New York City incurred approximately \$10 million a day on police overtime and other related costs.

3. Mike Brown (Director): Federal Emergency Management Agency (FEMA)

In the midst of New Orleans post-Katrina crisis, the former FEMA director, Mike Brown, abruptly resigned after becoming the subject of considerable criticism for the agency’s slow response to storm damage. Two weeks after his resignation, Brown continued to receive payments of his \$148,000 salary, after being asked to stay on the payroll in order to manage the transition to new leadership and determine what went wrong with the agency’s response to Hurricane Katrina.

4. Sandra Day O’Connor (Justice): Supreme Court

The announcement of Supreme Court Justice Sandra Day O’Connor’s departure caught everyone by surprise. O’Connor became the first woman to serve on the Supreme Court when she was appointed by



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President Reagan in 1981. Shortly after her resignation, the high court experienced a historic period of change with the death of Justice William Rehnquist and review of the three Supreme Court nominees. Her departure may eliminate the “swing vote” of the high court. Most agree that the replacement for Justice O’Connor will have a monumental impact on Americans’ lives for decades to come.”

5. James McNerney (CEO): 3M

James McNerney’s resignation from 3M and move to The Boeing Company stunned many in corporate America, particularly given that only a few months earlier he reported plans to stay with 3M. He was lured away in the wake of Boeing’s ex-CEO’s departure over the “mistress scandal.” Wall Street concurs that McNerney’s presence at 3M created a more powerful corporation. McNerney’s cost-cutting strategies and smart repositioning of the Fortune 500 consumer products giant are credited for the company’s best results ever. Previously, McNerney’s stellar reputation as a leading executive had made him a contender to succeed Jack Welch at General Electric.

6. Lewis ‘Scooter’ Libby (Vice President’s Chief of Staff): White House

Vice President Dick Cheney’s Chief of Staff, I. Lewis ‘Scooter’ Libby resigned from his position after accusations that he misled investigators looking into the leak of CIA operative Valerie Plame Wilson’s identity. Libby was indicted on obstruction of justice, making false statements and perjury. Considered one of the Bush administration’s most influential advisers, Libby had been involved in many strategic decisions. Losing a top aide during a tenuous period for the administration certainly did not help morale or move their initiatives forward. David Addington, Cheney’s private counsel has assumed the \$161,000 per annum job for the remainder of the term.

7. Weinstein Brothers (Founders & CEO’s): Miramax

After 25 years of partnership with Disney, Miramax founders Harvey and Bob Weinstein resigned from their positions as chief executive officers in February 2005. After reportedly heated conflict, the Weinstein brothers walked away from Disney with a settlement of more than \$100 million and were able to keep Dimension Films, while Disney kept Miramax. For the movies made while the Weinsteins were still at Miramax, Disney carried all the marketing and distribution costs, as well as any potential revenue from the Miramax releases. Unfortunately, soon after the Weinstein brothers resigned, Disney incurred hefty losses for the lackluster box office performance of these films.

8. Mike Hurd (CEO): NCR Corp.

Mike Hurd’s decision to leave NCR Corporation for Hewlett-Packard startled many industry analysts. Hurd is credited for leading a turnaround at NCR Corp., which is most renowned as a leader in ATMs and point-of-sale systems. As CEO, Hurd pushed NCR’s transformation from hardware shop into a consulting company and boosting the company’s presence in China. While Hurd was CEO of NCR, the company’s stock rose an impressive 332 percent. With new opportunities that the competition will leverage, it will be difficult for the new successor to match that level of growth.



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9. Johnny Damon (Center-Fielder): Boston Red Sox

In an unprecedented move in the off-season of Major League Baseball, center fielder Johnny Damon of the Boston Red Sox defected to the New York Yankees for a four-year deal worth a reported \$52 million. While Damon’s value to the Red Sox is hard to quantify in exact figures, given Damon’s impressive batting average and exalted reputation as a top lead-off hitter, one can only imagine how much the loss will affect the team’s status, their viewership and ticket sales. Amidst his departure, Damon allegedly told reporters: “The Yankees stepped up to the forefront and really made me feel wanted”.

10. Alan Greenspan (Chairman): United States Federal Reserve

While Alan Greenspan’s term as Chairman of the Fed actually ends January 31, 2006, he has handed the reigns to former White House Economic Advisor Ben Bernanke. Greenspan served as Chairman for the US Federal Reserve since 1987 and is widely regarded as one of America’s most influential policymakers in history. While some debate the degree of his contribution, few will debate that Greenspan played an unprecedented role in America’s economic stability. He has been heralded by Democrats and Republicans alike for his admirable handling of the ‘Black Monday’ Stock Market Crash and navigating the ‘dot.com’ economic boom of the 1990’s.

Honorable Mention: Ariel Sharon (Prime Minister of Israel): (Likud Party)

While unable to make the top ten list because he is an international figure, the Honorable Mention of 2005 goes to Ariel Sharon. In an unexpected move, Ariel Sharon’s resignation from the right-wing Likud Party to form a separate centrist party, Kadima, sent considerable shock-waves through international politics. Sharon certainly is no stranger to controversial choices, but few can now deny his enduring commitment to the peace process. His recent decision to demand Israel’s unilateral withdrawal from the Gaza Strip drew considerable praise.

Conclusions

Turnover among top CEO’s occurred at an alarming rate in 2005, in some months at twice the rate as in 2004, according to a Challenger, Gray & Christmas survey. Having key people leave an organization can be a dramatic, if not catastrophic, event. Yet, approximately 94% of turnover is preventable. If employee turnover is a problem in any organization, it is critical to find the root causes and address them. Building retention strategies at every level of an organization ensures that intellectual capital will be preserved through transition and that the firm’s goals will continue to be achieved.

About Retensa

Founded in 1999, Retensa is dedicated to addressing the social and economic impact of employee turnover. They use research and web-based technology to support organizations as they develop, motivate, and retain their employees. Employee retention experts can be reached at 212.545.1280 or visit www.retensa.com for speakers, research, or employee retention solutions.

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