

# Top 10 “Biggest Quits” of 2006

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*A review of the most impactful resignations in the United States this year.*

**New York, NY, January, 2007** - 2006 was a record breaking year for executive turnover in the US, with C-suite departures increasing by an astounding 110% over 2005 figures<sup>1</sup>. This year's stories were full of scandals, abuse of power, and unethical behavior. They also represent a growing trend of stakeholders' very low tolerance for mismanagement. However, it is when effective people quit that an organization is most adversely affected. Those are the people that make Retensa's Biggest Quits list. These power shifts impacted every sector of the economic, political, and cultural landscape. The following individuals represent some of the most influential turnover stories of 2006. On several occasions, this year's employee turnover elite had historical significance.

Only U.S.-based departures, excluding planned retirements, qualify for inclusion on Retensa's "Biggest Quits" List. To make the top 10, Retensa applies three specific criteria: (1) the magnitude of impact in the individual's industry or field, (2) the financial loss or loss of influence of the enduring organization, and (3) the degree of unexpectedness. To follow, Retensa presents the Top 10 "Biggest Quits" of 2006.

## 1. Katie Couric (Co-Host): NBC's Today Show

The capstone to a year when network news was the news. After 15 years as the co-host and personality that America woke up to, Katie Couric announced on-air that she was resigning from NBC's top-rated *Today Show*. As the most successful host in the show's 50-year history, the news came as a surprise to adoring fans. Coupled with the recent vacancies of Dan Rather, Tom Brokaw and Peter Jennings, her move has been heralded as groundbreaking as it paves the way for women to assume a role previously held only by men. *The CBS Evening News with Katie Couric* currently remains in 3<sup>rd</sup> place behind ABC and NBC<sup>2</sup>, but the jury is still out on who will win the longer race as this bold move across network lines may be a forerunner of high-profile poaching to come.

## 2. Henry Paulson (Chairman and CEO): Goldman Sachs & Co.

Few believed Paulson would depart Goldman Sachs to accept the Secretary of Treasury position, but the lure to shape economic policy for the country proved too great. He departed Goldman during a period of tremendous prosperity for the firm, which reported the largest profit in Wall Street history in 2006. With Paulson no longer leading the organization, will Goldman be able to repeat its success? He may not need more money, and he certainly won't be getting more, as the new position pays a peasant's wage of \$175,000 per year compared to the \$38 million he made in 2005<sup>3</sup>. This is a dramatic illustration of how money is not the greatest motivator - even in money business.

## 3. Shake-up at the top of AOL

Just days before new CEO Randy Falco was set to unveil a major restructuring for AOL, four senior executives quickly announced their intention to leave the company. The departure of Joe Redling, Chairman of AOL International and President of AOL Mobile; James Bankoff,



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Executive Vice President of Programming and Products; Randy Boe, former General Counsel and Executive Vice President of Consumer Advocacy and Privacy; and John Buckley, Executive Vice President of Corporate Communications comes at a time when AOL must adopt a new business strategy in order to survive. The mass exodus was rumored to be a result of the hasty expulsion of CEO Jonathan Miller and the announcement that Vice Chairman Ted Leonsis was stepping-down. Already a company in transition, perhaps this is foreshadowing major changes to come for AOL?

### 4. David Calhoun (Vice Chairman, President, and CEO): General Electric

*Fortune* magazine picked Calhoun as their top choice Rising Star for 2006, leading the pack of America’s next generation of leaders. As the head of GE’s biggest business unit, GE Infrastructure, he was responsible for \$47 billion in revenues<sup>4</sup>, and was a close confidant of Chairman and CEO Jeff Immelt. A 27-year GE veteran, firms such as Boeing and 3M unsuccessfully attempted to lure Calhoun from GE; however, Dutch media firm VNU NV was able to, offering him a compensation package exceeding \$100 million. Can this be a signal of a larger trend for public firm executives? Will they jump ship to private-equity controlled companies, in order to avoid investor scrutiny and the short-term demands of quarterly earnings expectations? Signs point to yes.

### 5. Isaac Hayes (Actor): South Park

Accusing the cartoon show *South Park* of crossing the line of intolerance and bigotry against the Church of Scientology, Isaac Hayes departed his 9-year role as the voice of the character “Chef.” The satirical show has ritualized religious ridicule, but the specific episode that led to Hayes’s decision was the first to deride his personal spiritual beliefs aligned with the teachings of L. Ron Hubbard (and subscribed to by several forgettable celebrities). *South Park* creator Matt Stone handled the situation by killing off Hayes’ character in the Season 10 premiere episode. His departure punctuates a banner year for religious tension, both on political and international fronts. As a result, we may see similar grounds for resignation in the future

### 6. Alan Mulally (President and CEO, Commercial Airplanes): Boeing

When Bill Ford stepped down as CEO of Ford Motor Co., Boeing’s Mulally was a solid but surprising candidate to replace him. With a spectacular track record of turning around Boeing, Ford forgave his inexperience in the auto industry. During his 37-year tenure, he was credited for Boeing’s resurgence to the top of the commercial aircraft industry by eliminating inefficiencies and revamping their product line. All of which, the ailing automaker hopes he can do for them. Mulally exits Boeing during a prosperous time for the firm, as its orders for the 787 aircraft he helped introduce are expected to propel Boeing ahead of Airbus for number of planes ordered. With Mulally’s departure, will Boeing’s flight plan stay on course?

### 7. Porter Goss (Director): Central Intelligence Agency

Porter Goss’ unexpected departure from the CIA in May caught the American public by surprise. It occurred during a fragile time for the organization. The CIA was trying to recover from



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intelligence failures surrounding 9/11 and the weapons of mass destruction controversy that led to the invasion of Iraq. He left in the midst of a major agency endeavor: to improve information-sharing among the CIA’s collective bureaus. Goss departed after two years in the position. Though Goss’ efforts were certainly under scrutiny, the complete picture around his resignation remains unclear, and the agency is left having to mitigate the damages. He was replaced by Air Force General Michael Hayden.

### 8. Michael Roberts (President and COO): McDonald’s

The sudden departure of McDonald’s number two man, Michael Roberts, stunned his former colleagues at the company. Roberts spent 29 years at the Golden Arches; he graduated from McDonald’s Hamburger University and worked his way up the ladder from a regional purchasing manager to become the heir to the CEO position. Roberts’ abrupt resignation is rumored to stem from his demand for a larger role in the company. Since Roberts was promoted to his position of President/COO in 2004, McDonald’s has performed well, with the stock appreciating more than 20%. In today’s fast-changing rules for fast-food companies, strong leadership will be needed to sustain those returns in the future. Also, the new appetite for healthier and organic alternatives may put the “McSqueeze” on McDonald’s recovering reputation.

### 9. Tiki Barber (Football Player): New York Giants

New York sports fans and the football world dropped their balls when Giants Pro Bowl star Running Back Tiki Barber announced his resignation, at age 31, in order to pursue a career in television. In his 10 year career, he earned 10 Giants team records and was an integral part of the Giants offense. Barber’s departure leaves a void in the Giants backfield and locker room as his Hall of Fame contending statistics and personal qualities provided the team with leadership and touchdowns. Having already worked in broadcasting, Barber has signed a broadcasting deal with Disney to expand his role on ABC and ESPN.

### 10. Wayne Inouye (President and CEO): Gateway

In his two years leading Gateway, Inouye helped revitalize the company and boost profitability for the first time since 2000. While Gateway purchased eMachines in 2004, it was eMachines’ Inouye who became the new Gateway CEO. His strategic vision and leadership resulted in Gateway’s reemergence as the third largest PC manufacturer in the US. Although it is unclear whether his surprise departure was of his own volition, he unquestionably had a more positive impact on the organization than any other figure in the last several years. Will Gateway be able to recover?

### Honorable Mention

### Donald Rumsfeld (Secretary of Defense): Department of Defense

One day after the Democrats sweep in the mid term elections, Donald Rumsfeld’s resignation announcement shocked the American public. Although pressured to leave the position for several years, due to the Abu Ghraib prison scandal and the unpopular Iraq war, he received unwavering support from the Bush administration. He makes Retensa’s list because Rumsfeld’s



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rapid departure leaves the DOD and multiple military campaigns without leadership and direction during these critical times. The enduring organization, the military, is still faced with a difficult road ahead. He was succeeded by Robert Gates, whose candor about the current situation of the war earned him a near unanimous bipartisan approval to the position.

### Conclusions

The previous trends of executive level turnover reached new heights this year. These 10 noteworthy individuals represent the thousands more that created a void within their organizations. When leaders resign, their organizations are left scrambling for focus and clear direction. However, departures at any level can have significant impact. Turnover is a common occurrence at any organization, both big and small. Fortunately, approximately 94% of turnover is preventable. If employee turnover is a problem, it is critical to find the underlying causes and address them. Building retention programs at every level of an organization ensures that intellectual capital, and relationship capital, will be preserved and that the firm’s goals will be achieved.

### About Retensa

Retensa addresses the social and economic impact of employee turnover for public, private, and non profit organizations. They apply research, metrics, and technology to help companies develop, motivate, and retain their employees. Employee retention experts can be reached at 212.545.1280 or visit [www.retensa.com](http://www.retensa.com) for speakers, research, or employee retention solutions.

<sup>1</sup> Liberum Research Report (12/6/06)

<sup>2</sup> *Broadcasting & Cable Magazine* (12/5/06)

<sup>3</sup> CNN.com (5/30/06)

<sup>4</sup> *The New York Times* (8/24/06)

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