

Retensa's Top 10 "Biggest Quits" of 2008

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Annual review of the most impactful resignations in the United States.

New York, NY, January, 2009 - 2008 will be remembered for change at the highest level of many organizations. For some, change is welcome. For others, it casts additional uncertainty. Some organizations are laying off workers for the first time. Most firms placed a moratorium on hiring. With job security low, and an "every man for himself" attitude, several firms experienced shake-ups in their top ranks. By November, CEO turnover surpassed 2007's total, and was on track to break 2006's record high. As the interlaced economy continues to unravel, dealing with *unexpected* change will be harder than ever. Stability is the new currency, so this year's list arrives as timely as ever. Accordingly, we present the annual publication of Retensa's Top 10 "Biggest Quits" and the most influential turnover stories of 2008.

Criteria: Only U.S.-based departures qualify for inclusion on Retensa's official "Biggest Quits" List. To make The Top 10, Retensa applies three criteria: (1) the magnitude of impact in the individuals' industry or field, (2) the financial loss or loss of influence of the enduring organization, and (3) the degree to which the enduring organization is unprepared to respond.

1. Defaulting Homeowners: The United States Economy

After banks handed out billions in sub-prime mortgages for homes people could not afford, millions of families "quit" being homeowners. As a result, the global economy entered its worst crisis since forever. Financial institutions recorded massive losses, and at least 100 mortgage corporations were shut down, sold, or suspended business. Major institutions, including Bear Stearns, AIG, Lehman, and Washington Mutual, were rescued by the government or acquired for a hearty show tune. Due to reckless bank speculation, the government issued a previously incomprehensible \$700 billion economic bailout, with results that are still unclear to anyone. Banks are not lending, people are not spending, and Wall Street needs mending.

2. Jerry Yang (CEO), Brad Garlinghouse (SVP of Communications & Communities), and Qi Lu (EVP of Engineering for Search and Advertising Technology Group): Yahoo!

Nothing says "organizational stability" like a shakeup in top management. Yahoo's yodel is a little softer after the loss of founder and CEO Jerry Yang, and Vice Presidents Brad Garlinghouse and Qi Lu. In this trifecta, the culprit was their competing vision of the future. On one side, Yang opposed the fire sale to Microsoft and supported expansion, at the other end is Garlinghouse, whose "Peanut-butter Manifesto" accused Yahoo of spreading themselves too thin. Garlinghouse left an influential domain, overseeing Yahoo Mail, Messenger, Groups, Flickr, and Zimbra. Compounding that loss was Lu, who was instrumental in driving community services like the acquisition of Flickr and Del.icio.us and initiating the development of new Yahoo Maps and Local Services. Worth mentioning, Lu also holds 20 patents and helped attract many of the best and brightest talent in the organization. To add insult to injury, Lu left to become President of the Online Services Group at...drumroll...Microsoft. In the limited world of online search engines, Microsoft gains an advantage in Lu's knowledge and experience, which may be their tipping point to relevance. Looks like Yahoo, already hemorrhaging market share and talent, may need to google "how to deal with management shake-ups."



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3. Brett Favre (Quarterback): Green Bay Packers

Favre saddened and shocked cheeseheads everywhere when he announced his retirement on March 4th, following one of his most successful seasons. Although some claim that Favre's departure was mitigated by replacement Aaron Rodgers, the Green Bay Packers were nowhere to be found after week 17, finishing 6-10. In his last year with the Pack, Favre started all 16 games leading them to a 13-3 season and the NFC championship game. During his career at Green Bay, Favre started 253 consecutive regular-season games, the second most in NFL history. He led the Packers to victory in Super Bowl XXXI, played in 9 Pro Bowls and was named the Associated Press's MVP 3 times. He holds NFL records for completions (5,377), yards (61,655), touchdown passes (442), and most wins as a starting quarterback (160). The Packers lost a great player and the state of Wisconsin lost an icon to a competitor, the New York Jets.

4. Christie Hefner (President and CEO): Playboy Enterprises

After 20 years of leadership at the bunny that “Hef” built, Christie Hefner announced her resignation as President and CEO of Playboy Enterprises. She took the reins in 1988 and re-ignited the iconic brand when Playboy was suffering from mismanaged investments in casinos and the Playboy Clubs. No easy act to follow, Ms. Hefner grew the organization into a global multimedia brand, with success in licensing and television. She cited her long tenure in the organization and generational and national changes as her reason for resignation. Her departure will mark the first time in the organization's history that a Hefner will not be at the helm. A permanent replacement has yet to be named. Whoever it may be, he or she will face the industry's mounting challenge of staying profitable during the rise of online free media.

5. Marcus Brauchli (Managing Editor): Wall Street Journal, Dow Jones & Company

Newsflash: Managing editor quits global newspaper and starts top position at major competitor. Marcus Brauchli resigns. Leaves Wall Street Journal after 24 years of service. Accepts position at Washington Post. Disputes between Brauchli and new owner Rupert Murdoch, self-named managing editor, are likely to blame. Brauchli quits being in the middle of editing staff and the corporate regime. Word on the street: Brauchli will be a loss to WSJ, as he was instrumental in their recognition by the people for “Seriously, that's a good front page”. Murdoch may remake WSJ in his own image. Not likely happy that a competitor reaps the benefits of this seasoned veteran's talents. Stay tuned for further details.

6. Meg Whitman (CEO): eBay

If there's something to sell, to your neighborhood, who you gonna call? Meg Whitman. After joining eBay a decade ago, she stepped down from the organization synonymous with online auctions this year. Whitman once stated that she would not remain in her position for more than 10 years, and on March 31 she fulfilled her promise. During her tenure, eBay grew from a US-based, 500,000 user and \$4.4 million tchotchkie store to a worldwide clearinghouse with hundreds of millions of users and \$7.7 billion in annual revenue. Newly appointed CEO John Donahue has a tough road ahead with competition from Amazon's Marketplace and eBay's own PayPal getting hip-checked by Google's checkout. eBay investors can only hope that Donahue bids fast enough to ensure eBay's place as the winner of online auctioning.



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7. Brian Mueller (President and Director): The Apollo Group

After 21 years, President Brian Mueller has become a textbook executive, driving the company's flagship University of Phoenix to strong results. Establishing synonymy with online education, the organization's profits aggrandized by 16.5% last year. Antecedently, Mueller was Apollo's COO, and heretofore erstwhile, ahem, he was CEO of University of Phoenix. This year, Mueller vacated his position to be CEO of sophomore on-line competitor Grand Canyon University. Replacing Mueller is Charles Edelson, a former managing director at Credit Suisse. Edelson, without much experience in education, may not be able to capitalize on the high growth market. As the economy falters we will likely see a boom in education, especially more cost effective on-line degrees. Where will students go? For the Apollo Group to remain at the top of the class, Edelson needs to study up on the “ins and outs” of the business of education.

8. Sallie Krawcheck (Head of Wealth Management Division): Citigroup

On September 22, Krawcheck, once heralded as the “Last Honest Analyst” on the cover of *Forbes* magazine, resigned her post as Head of the Wealth Management Division amidst a sea of controversy. Krawcheck, one time Citi CFO, was publicly demoted to her final position at Citigroup in 2007. However, she is a “big quit” because of her views, and how they differed from current CEO, Vikram Pandit. Krawcheck's ideas on how to run the business were the very approaches that would have distinguished Citi from the myriad of troubled banks. Citigroup's reputation would have also benefited from having a key executive known for honesty and integrity during a time when many financial institutions are failing at the hands of as much perception as reality. The loss of Krawcheck is impactful, not only to Citigroup, but to businesswomen everywhere, as she was the last female top executive on Wall Street.

9. Alex Kummant (CEO): Amtrak

Trouble continues to plague the nation's government-owned rail carrier. In the midst of Amtrak's major five year capitalization plan, and only two years into conducting business, CEO Alex Kummant unexpectedly resigned on November 14. Amtrak's Board of Directors likely provoked the separation, and installed the fifth CEO in four years (two deemed “interim”). Though Kummant's progress was limited, more CEO turnover will not help the continuously ailing train operator. As travelers avoided expensive driving and congested flying in 2008, Amtrak's ridership reached an all time high. With a new wave of customers, how will Amtrak leverage the opportunity? With no successor planned, Amtrak hastily brought in outsider Joseph Boardman, the former administrator of the Federal Railroad Administration. Boardman faces the challenge of retaining the high number of travelers who turned to Amtrak. As gas prices return to normal, will Boardman be able to drive Amtrak into profitable territory?

10. Victor Ganzi (President and CEO): Hearst Corporation

After an 18-year career and six as CEO, Victor Ganzi unexpectedly kissed Cosmo, Esquire and the rest of the Hearst Corporation goodbye. Ganzi reportedly resigned following disputes with the board about the global publisher's future direction, even though Ganzi led the company to record revenue in 2007. Despite the seismic changes rippling through the media landscape, Ganzi managed to boost magazine revenue 6%, while the company's large stakes in ESPN, A&E,



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Lifetime, and the History Channel, also notched a 10% raise in revenue. Ganzi's departure was surprising in an organization whose founder, William Randolph Hearst, created a culture in which “people don't leave.” A new CEO has not been named, as the story of Hearst's future, and its role in the publishing industry, continues to unfold. One thing for certain is that whoever is named successor faces the challenge of maintaining Ganzi's momentum in a marketplace where print ad revenue is down, and online media continues to rise.

Honorable Mention

Eliot Spitzer (Governor): New York State

While serving as New York State Attorney General and subsequently as governor, Eliot Spitzer was known as a paragon of virtue. After all, he led the campaign to clean up conflicts of interest on Wall Street and bring down the Gambino crime family. That reputation was permanently altered on March 17th, 2008, when Spitzer quit both his governorship and having affairs with high priced call girls. Following his departure, little-known David Paterson was hurriedly sworn in as Governor. Paterson must now deal with the empire sized issues of New York's largest budget deficit, an exodus from upstate, job implosions downstate, restoring the reputation of Governor in the wake of an unexpected start.

Conclusions

As individuals and companies scramble to preserve their assets, stability will be 2009's critical success factor. Like water, we miss it most when it is gone. And like water, it ebbs and flows as man attempts to control it. When leaders leave, the instability forces organizations to scramble for focus and direction. If an organization is unprepared for the departure of key players the repercussions can be severe. In preparing this year's list, a theme emerged across the varying industries we cover. Many departures reflect the stakeholder's release of ownership. Some owned property, others owned companies, or parts of history. At some point, they each let go of the idea that it was theirs. Therefore, they no longer needed to preserve its outcomes. They were each big quits, but are still just a few of the many that resigned last year. Turnover is an all too common occurrence. Fortunately, approximately 94% of turnover is preventable. If employee issues exist, it is often rooted in their lack of ownership to the outcomes of the organization. Building retention programs at every level will ensure that intellectual capital, relationship capital, and financial capital are preserved.

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 for speakers, research, and employee retention solutions. Press and media inquiries can be directed to the number above.

