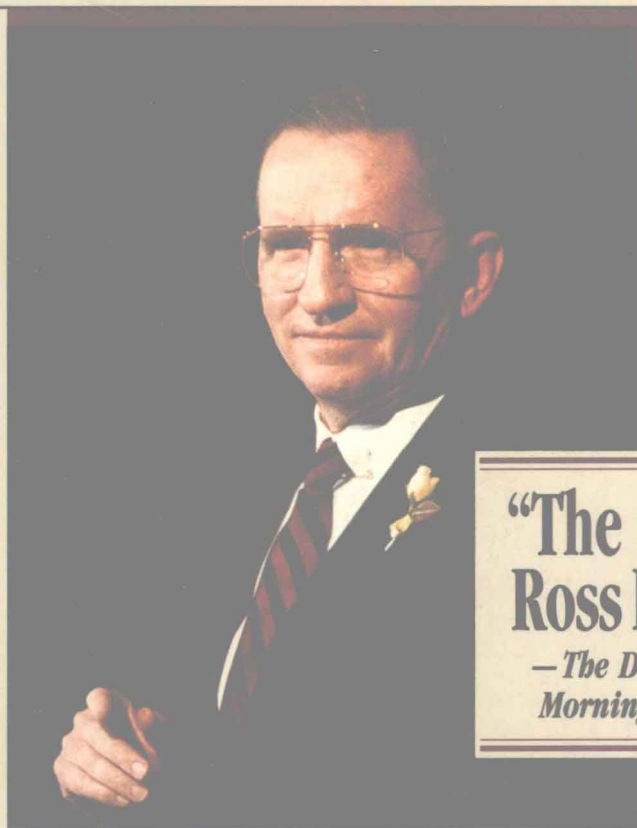


# PEROT

**An Unauthorized Biography**



**"The real  
Ross Perot"**

*— The Dallas  
Morning News*

**TODD MASON**

---

# PEROT

## AN UNAUTHORIZED BIOGRAPHY

BY  
TODD MASON

~~BUSINESS ONE IRWIN~~  
HOMEWOOD, IL 60430

---

Jacket photo by: Jim Knowles

© RICHARD D. IRWIN, INC., 1990

*All rights reserved.* No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the copyright holder.

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional service. If legal advice or other expert assistance is required, the services of a competent professional person should be sought.

*From a Declaration of Principles jointly adopted by a Committee of the American Bar Association and a Committee of Publishers.*

Sponsoring editor: Jeffrey A. Krames

Project editor: Jane Lightell

Production manager: Ann Cassady

Compositor: Carlisle Communications, Ltd.

Typeface: 11/13 Century Schoolbook

Printer: The Book Press, Inc.

#### **Library of Congress Cataloging-in-Publication Data**

Mason, Todd.

Perot / Todd Mason.

p. cm.

ISBN 1-55623-236-5

1. Perot, H. Ross, 1930— 2. Businessmen—United States—  
—Biography. I. Title.

HC102.5.P42M37 1990

338.7'61004'092—dc20

[B]

89-71424

CIP

*Printed in the United States of America*

4 5 6 7 8 9 0 BP 7 6 5 4 3 2

---

# PEROT

## AN UNAUTHORIZED BIOGRAPHY

---

---

---

To Meg

“For what could be more  
glorious than to be united  
with a being incapable of  
an ignoble thought?”

---

---

---

---

# PREFACE

This was an impressive mouthful of foot, even for me. I had called a close friend of Ross Perot to ask for an interview. His secretary wanted to know what Perot thought about my book. It was a fair question and one I should have anticipated, but my mind balked. How could I describe his reaction? My answer made this a very different book than the one I began.

Perot was unequivocal in our first conversations. He did not want a book written, period. He was not done with his accomplishments, he explained, so a biography would be premature. What's more, he thought he should own the rights to his life since he was the one who lived it. He understood that he didn't. No, he didn't want to collaborate on a book of his opinions and philosophy either. He didn't have time.

He was brief and to the point a month later when I called him to tell him I had signed a contract to write the biography anyway. I wanted him to be the first to know. You won't get access, he snapped and brusquely concluded the conversation. He had regained his composure when he called back perhaps five minutes later. Make sure I had an editor I respected and a publisher that was serious about the project, he counseled. Call him back when I knew what I wanted. It was nothing I

said. He still didn't want the book written, but he didn't want it written without him either.

That's how the game is played between the press and public figures. Perot seldom loses at it. I'd made a modest request of him the day before I stammered through this conversation with his friend's secretary. I had approached for interviews two people whom Perot had instructed not to talk to reporters. I asked him to lift the restrictions, and he agreed.

Which meant what? The secretary began helping me. Was it authorized? No, it is an unauthorized biography. Well then, did he approve? No, again. Well, I ventured finally, I guess I could say he blessed the book. Perot called back in a matter of hours. It was as if someone had thrown open a window to the Arctic. He had not blessed anything. He had not seen so much as an outline. The media was carving him up like a piece of meat. He was done helping me. I was crushed.

I decided after a few days that I was also free. I had nothing more to lose. I approached the chore as a historian would. I pored over the newspaper and magazine articles written about his life and deeds over the past 20 years. Perot dismisses these thousands of stories as myths, but I found patterns. He repeated his stories, his country witticisms, again and again. I searched out accounts in his words in radio and television interviews. I found Congressional hearings reports, transcripts and tape recordings of press conferences, and court transcripts and depositions. I collected 20 of his speeches. Then I began conducting interviews in Dallas, Austin, Houston, Texarkana, Washington, and Detroit. I finished with hundreds of hours of tapes.

These are not the people who know him best—as a friend, husband, father, and brother. The book suffers as a result. By most accounts, he and his wife, Margot, have raised five well-adjusted, industrious children under difficult circumstances. His friends could tell me countless stories of his generosity and compassion. I found a number of people he has helped. Since they are acquaintances, colleagues, and even strangers, their testimony is more compelling.

Instead, I wrote a business biography. There, I had unique access. Perot's old company—and new enemy—Electronic Data Systems Corporation (EDS) opened its archives and its doors to me. I approached Perot's former colleagues directly. EDS would tell them that the decision to cooperate was theirs. The vast majority did. Most of them were trying to understand, as I was, how Perot could attack a company he once thought of as a member of his family.

EDS's help became controversial, as you will see. EDS's lawyers showed me material that is still confidential under the terms of an agreement among the parties of *EDS v. Ross Perot*, a civil lawsuit in Fairfax, Virginia. Arguing that EDS had acted in bad faith, Perot's attorneys got EDS's case thrown out. I was profoundly disturbed to become a part of the story. I don't believe I lost my objectivity. The EDS attorneys showed me both sides of the disputes and left me to reach my own conclusions. It's the reader's job to decide.

I saw things differently when I finally sat down with Perot in mid-summer in fact-checking exercises. (I was not to quote him directly for this book). They didn't go well. You will learn that Perot is utterly, absolutely convinced of his rightness. I had assembled evidence that he had been wrong on several occasions, but Perot simply won't travel that road. It is an affront to him that I would give any credibility to his enemies. Perot requires people to accept him on faith. I had lost mine in the course of my research.

I have not lost my admiration and respect for him. He says what he thinks and accepts the consequences. He is willing to risk everything for what he believes. I hope you will not seize on his failings and miss the context. I've done my best to be fair and honest, but it's not easy to keep the middle ground in a profile of a strong personality.

I set basic rules for myself. You will not find unnamed sources in this book or mysterious documents. I have not recreated dialogue, or indulged in mind reading or 25-cent psychoanalysis. You will know precisely what I think as the story unfolds, but I won't ask you to accept opinions on faith. It was



my aim to give you enough of my reasoning and evidence so that you can decide for yourself. I accept your verdict. The opinion in this book, for better or worse, is my own.

I can't possibly thank the hundreds of people who helped me. But let me at least recognize the people who put up with me for days on end at EDS, the *Dallas Morning News*, the *Dallas Times Herald* and Dallas's exceptional J. Erik Jonsson Central Library. Thanks also to my bosses at *Business Week*, Steve Shepard and Keith Felcyn, for giving me time off, and to my friend and colleague Kevin Kelly who inherited the Augean stables in my absence. My editor, Jeffrey A. Krames, was a source of boundless enthusiasm and help when I needed both. Thanks also to Dallas attorney Tom Leatherbury, for his comfort, and Philip Nalbone, for his sharp eye. And I offer special thanks to Meg, Lowell, and Katy, who smiled indulgently as I swung from the heights to the depths and back, and went right on with the work in the Mason household that really matters.

TODD MASON

---

---

# CONTENTS

## PREFACE

*xi*

## INTRODUCTION OF OYSTERS, PEARLS, AND GRAINS OF SAND

*1*

**1**

### A BOY SCOUT FROM TEXARKANA

*15*

**2**

### LEAD OR STAND ASIDE

*27*

**3**

### A TEXTBOOK START-UP

*43*

**4**

### BLACK AND WHITE, BLACK AND BLUE

*59*

5	THE CULT OF EDS	77
6	WRITING THE BOOK ON LEADERSHIP	91
7	THE LIMITS OF CHARISMA	105
8	THE CRUSADES	121
9	MIXING OIL AND HOLY WATER	135
10	BENCHING THE IMPORT FIGHTER	151
11	DOWN AND DIRTY	165
12	THE POLITICS OF APPEASEMENT	179
13	SPIN CONTROL	193
14	THE NUCLEAR OPTION	209

<b>15</b>
<b>HIS MEAGER VISION</b>
<i>225</i>

<b>16</b>
<b>BACK OUTSIDE THE INNER CIRCLE</b>
<i>235</i>

<b>17</b>
<b>BAD BLOOD AND BETRAYAL</b>
<i>251</i>

<b>18</b>
<b>CUSTODY FIGHT</b>
<i>267</i>

<b>19</b>
<b>NEVER GIVE IN</b>
<i>281</i>

<b>REFERENCES</b>
<i>291</i>

<b>INDEX</b>
<i>305</i>

# INTRODUCTION

## OF OYSTERS, PEARLS, AND GRAINS OF SAND

The halls of justice in Fairfax County, Virginia, are surprisingly warm. There are no cold marble floors, hard benches, or foreboding darkness here. On one side of the corridor are floor-to-ceiling windows. The opposite wall is paneled in blonde wood. It is late afternoon on October 19, 1988. The fifth floor corridor is empty except for a mother and daughter, both blonde and well dressed. The pair is lost in tears and hushed conversation. This is the third richest county in America, but money can't stem the tide of human failings. It only raises the stakes.

Suddenly the doors to Courtroom 5H swing open, and a noisy procession fills the hall. A short, slight man is the center of attention. He is physically unremarkable except for his erect posture and expensive clothes. A dozen reporters crowd around him with notepads and tape recorders. Ross Perot makes a virtue of being ordinary, but onlookers must first recognize his celebrity status to appreciate how easily the billionaire founder of Electronic Data Systems Corporation (EDS) banters with the men and women of the press. The mother and daughter turn back to their own problems.

EDS is now suing its founder in a lawsuit that has all the drama and bitterness of a custody case. Four years earlier, General Motors Corporation acquired EDS and enlisted Perot

to help combat the threat of import cars. But Perot and the GM bureaucracy clashed so violently that GM paid the charismatic leader \$700 million to go away. Perot didn't. Instead, he started Perot Systems Corporation on the first day his agreement with GM permitted and began hiring executives away from EDS. EDS asked the Virginia courts to stop him.

Perot's comments at this impromptu press conference alternate between the futility of EDS's case and his disappointment in old colleagues. EDS is making Perot Systems a household name, he crows. "By the time this is over we're going to be better known than Coca-Cola." The reporters scribble furiously. Furthermore, Perot insists, EDS is driving employees into his arms. The company is accomplishing this by physically searching employees who prepare a bid proposal being challenged by Perot Systems and thereby demonstrating that it does not trust them.

EDS's public relations manager, William Wright, watches Perot's performance from a distance of 10 feet. "Go tell him that [search] policy was instituted in 1980," Wright whispers to a reporter.<sup>1</sup> The writer approaches Perot.

"What son of a bitch told you that?" Perot shouts.<sup>2</sup>

The hall is silent. The mother and daughter are staring at him. His folksy manner is gone. His ears are deep red. His face is contorted into a scowl and has the unblinking intensity of an eagle. His voice, reedy and colored by a Texas twang a moment earlier, now pierces the corridor.

"Get that son of a bitch over here!"

Wright walks over. Perot doesn't acknowledge him at first, but Wright persists. EDS first began frisking employees the last time EDS bid for and won the disputed contract, Wright explains. Perot was then chairman of the company, and EDS's current chairman, Lester M. Alberthal, Jr., headed up all of EDS's health insurance business. Perot backpedals. "That was Alberthal," he snaps. "I would have fired him on the spot if I had known that."<sup>3</sup>

Alberthal is standing only a few yards away. Round-faced and fair, Alberthal is not a demonstrative man. His face is a study in neutrality as he explains why EDS had to defend

itself. Most EDS employees didn't want Perot to sell EDS to GM in 1984, he says. They felt abandoned when Perot sold out and left in 1986 and betrayed when he hired away eight EDS executives to start Perot Systems.

It's not Alberthal's nature to volunteer details. He had tested his executives' loyalty in the anxious days when he knew Perot Systems was coming. When the eight came in to resign, Alberthal had written them off. Men who were once friends now walk past each other in these halls without acknowledgment. "All these personal relationships have been torn apart by one man's decision to jump the gun and start a new company," Alberthal says.<sup>4</sup>

Who is Henry Ross Perot? We have always been fascinated by men of great wealth as witness in the newsreel indulgences of John D. Rockefeller and H. L. Hunt croaking little tunes and passing out dimes and pecans. Forbes estimates his wealth at \$3 billion and ranks him the fourth richest American. Perot's hold on us is stronger; it is the stuff of myth; it leads us to make more of him than he is. Although Perot encourages our myth making, it frustrates him at times. "No," he once corrected NBC reporter Maria Shriver, "I'm not a living legend. I'm just a myth."

In our rush to judgment in the late 1960s, we dismissed the crewcut U.S. Naval Academy graduate as a right-wing nut. Similarly, although EDS was one of the shrewdest start-ups ever, and Perot was a billionaire at age 38, but we saw only a computer services company that acted like the Marine Corps and dressed like the FBI.

Liberal commentators still haven't forgiven him for his politics. While it's true he televised "Town Hall Meetings" in 1969 to give voice to the so-called silent majority and tacit support to President Richard M. Nixon, it's not Perot's nature to follow anyone blindly. He had plenty of critics in the Nixon administration when he attempted to deliver Christmas gifts, food, and medicine to American prisoners of war in 1969.

Two decades later, an openly antiestablishment Perot would strain his welcome at the Reagan White House. He was convinced that the Defense Department was covering up the

continued captivity of Americans in Southeast Asia. He undertook his own investigation in 1986, as well as another private mission to Hanoi in early 1987. The Reagan administration was dismayed by his meddling.

By then, we saw Perot in a new light. We applauded him as the man who sent a commando team to Iran in 1978 to rescue two executives from prison. This exploit was the subject of Ken Follett's *On Wings of Eagles* and of a two-part television miniseries. The tens of thousands of us who had been absorbed, spun off, reassigned, demoted, and fired by impersonal corporations over the past 20 years admired his loyalty to his employees and his sense of personal commitment. After Iranian revolutionaries took 52 Americans hostage, plunging the United States into 15 months of anguish, a Dallas country-music deejay penned this song:

Where are you when we need you Ross Perot?  
 When it came to a showdown in oilrich Iran,  
 We wound up with our pants down without a hope or a plan.  
 Where are you now when we need you, Ross Perot?\*

Perot achieved the same pinnacle of popularity when GM bought him out to silence his criticism of GM Chairman Roger B. Smith. Pickets walked the sidewalks in front of GM carrying signs that read "Keep Talking Ross." Again Perot stood out as a concerned, committed defender of average Americans. GM factories were dark and cold, and thousands of laborers were out of work. But Smith, seemingly oblivious, still wheeled his complimentary Cadillac into his heated parking garage and rode the elevator to his aerie. We were tired of the indignities rained on us daily by the Japanese, Taiwanese, and Koreans. Perot told us that ordinary Americans weren't to blame. We were being betrayed by our leaders.

Perot's defense of the GM working man requires a footnote. Perot has no use for unions himself. He closed an EDS business unit in Concord, California because it had dared to

---

\*Copyright© 1979 by Glad Music.



organize in the early 1970s. United Auto Workers (UAW) members once pressed him for his thoughts on unions. Retired UAW vice president Donald Ephlin reports, smiling, “His answer was, ‘If I worked on an assembly line and was treated as you are, I would get together with my fellow workers for collective action.’ That’s a pretty good description of a union. That’s as close as he could come.”<sup>5</sup>

Antigovernment patriot, antiunion populist, antimanagement capitalist, loyal boss who sold out twice to GM, billionaire defender of the underdog, perhaps no contemporary American has been written about more and explained less than Ross Perot. Writers have tried out dozens of labels on him that all fall short of solving the paradox.

Ron Rosebaum, writing for *Esquire*, reached back to the Middle Ages:

We long for the kinds of social relationships that ensure that someone will save us in our hour of need. There’s a word for a social system that offers such solace to its vassals: *feudalism*. And it is to a future of corporate feudalism that Perot’s gesture points us—a future already taking shape in Japan, where employees sing anthems to their corporations and look to them for the patriotism, loyalty, security, and sense of family that nation-states and nuclear families no longer provide.<sup>6</sup>

Rosebaum misread the future, but he was dead right in his description of the EDS organization. Perot ruled EDS as its charismatic leader. He even owned EDS employees in a sense. They couldn’t quit without losing the stock awards that Perot dangled just in front of them. Nor could they join a competitor without breaching the noncompete agreements Perot required them to sign. The Virginia lawsuit centered on those restrictions. Perot had carved out one safe haven for EDS employees in his final deal with GM—his new company. Perot Systems Corporation alone could hire EDS employees without triggering their noncompete agreements. EDS claimed that Perot tricked GM into a bad deal.

Charismatic organizations have their virtues. Followers have simple choices and clear paths to success. All a young warrior needs is a grasp of the group’s beliefs, the strength of