

# CRAZY BOSSES

♦ ♦ ♦

SPOTTING THEM  
SERVING THEM  
SURVIVING THEM.

♦ ♦ ♦

STANLEY BING

# **CRAZY BOSSES**

*Books by Stanley Bing:*

*Biz Words*

*Crazy Bosses*



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SPOTTING THEM

SERVING THEM

SURVIVING THEM

STANLEY BING

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To my wife,  
without whose squinty-eyed skepticism  
I would never have summoned up the determination  
to sit down at the computer  
and get started on this thing, let alone finish it.



## AUTHOR'S NOTE

My correspondents who are quoted in this book have no desire to have their feelings known publicly—that is, to their crazy bosses. Nor do I think their legitimate names are essential to your understanding of the stories they have to tell, the lessons they have to share. For that reason, every name except those that belong to the crazy rich and famous are of my own fabrication, and, on occasion, when the peril of disclosure is truly immediate and forthcoming, I have taken the liberty of obscuring the nature and location of their work as well.

In other words, when I state at the beginning of a story, “Frank sells widgets in Wyoming,” it is possible, to make sure Frank may remain secure in his misery, that his name is not Frank, that he in reality sells grommets, and does so in a place other than Wyoming. When, however, I quote Frank as stating, “My boss picked me up by my ears and threw me through the wall,” you may be certain that he said just that, verbatim. No events or relationships have been constructed by me, for purposes of drama or otherwise. I had no reason to do so. The truth is horrible enough.

To avoid rickety and grotesque fabrications like “If the boss is interested solely in his or her career, he or she could drive his or her subordinate to drink,” I will for the most part use the masculine gender when referring to the crazy boss. It is simply the poverty and archaic sexism of the English language, no more, that forces me to discriminate in my use of pronouns. No inadvertent slight to either gender is intended.





# ACKNOWLEDGMENTS

I'd like to take this opportunity to thank my first boss in business, whose name is not really Chuck, for making me aware that serious mental disturbance and success are not mutually exclusive. For similar reasons, I'd like to thank my former chairman, Carl, and a host of lesser executives who, in the early years of my career, bullied, preened, festered, and disintegrated before my eyes in a variety of ways both gratifying and terrifying.

I'd also like to thank Michael Milken, Ivan Boesky, Dennis Levine, Donald Trump, Frank Lorenzo, Larry Tisch, Carl Icahn, Henry Kravis, Saul Steinberg, and, of course, Ronald and Nancy Reagan, among so many others, for bringing us to where we are today.

On a more serious note, I'd like to offer thanks to my friend David Hirshey for his support, his commitment to humor, and his willingness to pick up a check; to my editor at *Esquire*, Anita Leclerc, for keeping me healthy and on my toes since 1985; and to the incomparable Jeanne Bernkopf, for helping to turn my original ravings and disorganized rantings into a book.



# CONTENTS

Introduction	13
PART I: THE CRAZY CORPORATION	
One: Joining the Ranks	29
Two: Crazy Business	58
PART II: THE CRAZY BOSS	
One: The Boss with Five Brains	87
Two: Bully	100
Three: Paranoid	130
Four: Narcissist	161
Five: Bureaucrazy	194
Six: Disaster Hunter	227
Epilogue	267
Selected Bibliography	269

you can shine your shoes  
and wear a suit  
you can comb your hair  
and look quite cute  
you can hide your face  
behind a smile  
one thing you can't hide  
is when you're crippled inside

John Lennon  
*Crippled Inside*

# INTRODUCTION

Feelings and attitudes are to an amazingly high degree molded by the conditions under which we live, both cultural and individual, inseparably interwoven.

Karen Horney



e begin with the case of J. Walter Thompson, because those looking for crazy bosses need look no further. At Thompson in the 1980s, all the bad things that can happen under crazy management came together—and killed an organization.

It's an ugly tale, a saga of opportunism rewarded and institutions destroyed. So buckle up. Here we go:

The year is 1868. Commodore James Walter Thompson joins the Carlton and Smith Agency, which chiefly brokers space in the religious journals of the day. By 1878, the good commodore has bought the agency for the princely sum of five hundred dollars, and names it, as all good advertising men have done ever afterward, for himself. By 1890, the agency is billing in excess of \$1 million per year. As time passes, it adds such clients as Unilever (1902, the oldest client/agency relationship in advertising), Eastman Kodak (1930), and Ford (1943).

By 1964, agency billings have reached \$500 million, and five years later the company goes public.

Our story truly begins, however, in 1974, when Don Johnston takes over the company. Johnston, then forty-seven and a career J. Walter man since 1951, begins pursuing an aggressive vision, selling

nonsynergistic businesses and acquiring public-relations firms. In 1980, Johnston creates the JWT Group as parent corporation of J. Walter Thompson Company and a number of smaller subsidiaries.

In 1985, massive corporate power at JWT Group is still concentrated in Johnston, but there are three individuals in charge of the \$3 billion advertising agency: Walter O'Brien, Burton Manning, and Joseph O'Donnell.

In March 1986, O'Donnell is named chief executive officer of J. Walter Thompson and immediately sets about the task of naming his choices to key management positions and of reorganizing the majority of the field offices. By the end of the year, O'Brien and Manning are gone, and profits at the JWT Group turn up basically flat for the year. Emma Hill of Wertheim Schroder & Company tells *The New York Times* that "major management changes during the year had affected the company's ability to react quickly to the 'dramatic slowdown in its businesses . . .'"

American Management Disease has set in. The era of the crazy boss is at hand. The company, and its working shlubs, are already feeling the heat. And it gets better, if not worse.

By autumn of 1986, JWT stock has dropped from a high of approximately 41 to 25.

On New Year's Day 1987, O'Donnell becomes chairman as well as CEO of the J. Walter Thompson Agency. Two weeks later, he meets with John Cirigliano, head of a Wall Street investment-banking company. Enter the grease to lubricate the engine of destruction throughout much of the decade: Where investment bankers led, crazy bosses followed, drooling.

Cirigliano presents his old college buddy with a plan to accomplish the leveraged buyout—the purchase through debt, not assets—of the entire corporation, including parent JWT, and to assume the top notch himself, supplanting Don Johnston.

Sometime in the next three weeks, Johnston is informed about the incipient palace coup. We know this because, on or about January 20, he collects an in-house lawyer and meets with his subordinate. At this get-together, O'Donnell reportedly tells Johnston that he no longer has the confidence of the organization. He further complains that he has been forced to spend too much of his time cleaning up Johnston's shoddy business practices. Heated words are exchanged.

Johnston leaves the meeting and calls a gathering of the outside members of the JWT board of directors for January 23. O'Donnell,

too, requests an audience at the confab. There, O'Donnell presents his plan for a leveraged buyout, then leaves before the meeting is concluded.

Before he goes, O'Donnell raises the issue of questionable accounting procedures and, according to sources, "the issue of integrity and morality overseas." This laundry list of questionable policies has been put into letter form by O'Donnell and signed by at least four other executives, including president Jack Peters.

The entire series of allegations is presented to the five outside board members and, after consultation with in-house counsel, the matter is then referred to Price Waterhouse for investigation and subsequent report.

O'Donnell "sounded so immature, so naive, that it shook the confidence of those hearing him," one outside director says later. "We were shocked that he would even raise an LBO in that manner. He was rambling on, sounding like Captain Queeg in *The Caine Mutiny*." That same outside director, Yunich, the former vice chairman of Macy's, speaks to virtually every trade publication and also *New York* magazine, portraying O'Donnell as uninformed, childish, and sort of, well, stupid: "... his speech was incoherent, unprofessional, and highly emotional, to the point that it was upsetting to everyone," he tells *New York*. "We moved him up to his post so there would be three years' exposure to the board and so he'd learn. Lord knows, he had a lot to learn. His performance tried our intelligence. He rambled, showed he clearly did not grasp the subject, that he was in over his depth."

Moments later, Johnston goes to O'Donnell's office with the message that O'Donnell is to leave immediately and never return to this or any other office of the company. "Don demands absolute loyalty, and in return he gives absolute loyalty," says a former JWT executive. "His sense of betrayal is as profound as a human being can experience."

Between January 26 and 30, a lot happens, none of it good for O'Donnell, who resigns from the board of JWT Group, Inc.

Johnston takes O'Donnell's job and title as his own, and begins further consolidation of his power. He fires Jack Peters, the agency's president and COO, a thirty-year veteran of the company, who allegedly aided and abetted the O'Donnell coup.

On February 1, *The New York Times* reports: "Wall Street analysts ... are concerned about how the return of Mr. Johnston to



day-to-day control will affect employee morale, client relations and profitability. 'Under Joe O'Donnell, the pieces were in place for an upturn in profits in 1987,' said Mr. Anschel of Dean Witter. 'Now, who knows?'

In general, Wall Street, hungry for lucrative exchanges of ownership, is disappointed by O'Donnell's failure to make the buyout stick, and by the total control exerted by the older, more bureaucratic Johnston. *Advertising Age*, the comprehensive voice of America's most nervous business, sports a headline that reads: J. WALTER TUMULT: JOHNSTON'S REIGN QUESTIONED AFTER O'DONNELL OUSTED.

But Johnston tells *Adweek*, "There is no chairman; there is no president. There is just an office of the chief executive. That's all. Everybody's back to work. There were no defections whatsoever. We've had total, unanimous, spontaneous support from our clients and our people."

Further speculation centers around the personalities of the combatants: With Johnston, words such as *icy*, *rigid*, and *cornered rat* seem to proliferate. O'Donnell, on the other hand, is often described as self-confident, perhaps even to the point of arrogance, but more generally good-natured, charming, and efficient. Most observers express surprise and dismay only that O'Donnell would try such a major reorganization and personal power play without being sure beforehand that he could without fail pull it off.

As the business and management environment spirals downward into madness, the clients begin to leave the sinking ship. On February 9, *Adweek* reports that IBM, which had awarded JWT a significant share of its \$60 million in domestic bookings, is close to shifting its entire creative account to Lord, Geller, Federico, Einstein, a smaller sister division in the JWT Group. It is also reported that JWT's 1986 earnings will be "even more disappointing than anticipated."

February 16: "In all honesty, I am terribly disappointed to be back here," Johnston states, speaking of the position once held by his protégé, O'Donnell. "Ten months ago, I turned over my duties, thinking this would be indefinite, forever. The whole thing is sad, a personal tragedy, but it's his story, not mine."

Observers disagree. Emma Hill of Wertheim Schroder, working her side of the street, once again is sought out by the media: "Joe O'Donnell, in his short tenure, restructured and thinned out executive ranks and closed the Washington office and implied more con-