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Mark Hurd's Dorian Gray transformation

Source: Annex Research (8/7/2010)

It turned out that "do as I say not as I do" was Mark Hurd's *modus operandi*.

We'll spare you the repetitive details about Hurd's sexual and moral transgressions in this editorial. Since Friday afternoon, enough ink has already been spilled in the global media on the subject of the Hurd's ouster that you would have to have been vacationing on another planet to have missed it. Just in case, if you're curious, you can [click here](#) for a PDF with links to some of the news stories about. And while you're at it, you can also check out the stories about IBM's and Satyam's fallen heroes (see [Triple Trouble Hits Armonk](#), Oct 2009 and [When You Catch a Tiger by the Tail...](#), Jan 2009).

Why Do Heroes Fall?

We will prefer to stick to the high ground and ruminate about why people in top corporate or government positions time and time again abuse the trust that their position implies. At HP alone, three top executives have been forced to resign in the last five years. First, Carly Fiorina, then Pat Dunn, and now Mark Hurd. The three are as different as night and day as were the circumstances of their demises. Yet they all bit the dust the same way, face down - when their better judgment got the better of them.

As a result, the HP CEO position is not only the largest, but also possibly the hottest seat in the industry. We don't envy the guy or the gal who succeeds Hurd. He/she had better come equipped with some heat-resistant garbs, like the NASA astronauts suits.

Hm... that's an idea. Maybe that's where the HP Board should start its recruiting process? After all, the astronauts know that what goes up must come down. They are used to bumpy rides. They are not afraid of taking risks. They don't get dizzy when spun around the way some companies spin their bad news. And they know how to guide their spaceships through stormy weather into a safe landing.

And these are not bad qualities to consider for a wish list of an ideal IT CEO, are they?

results

[IBM Stock Takes a Beating](#) (Analysis of IBM's third quarter business results)

[Obama's "Don Quixote" Swings and Misses](#) (Analysis of DoJ's latest antitrust investigation of IBM)

[Triple Trouble Hits Armonk](#) (Analysis of insider trading charges against a senior IBM executive)

[A Rally of Hope over Fact](#) - Analysis of Top 18 IT companies' performances

[Tempest in a Tea Pot](#) (Analysis of latest IT services industry M&A's)

[Less Than Meets the Eye](#) - Analysis of HP's 3QFY09 results

[Big Blue Blows Lid Off Forecasts](#) - Analysis of IBM's 2Q09 results

[Apple, Google Lead Comeback](#) - Analysis of Top IT Cos' stock & business performances

[Revenues, Earnings Drop](#) - Analysis of Accenture's 3QFY09 business results

[IBM Wins the "Gold"](#) - Analysis of IT Services Octathlon 2009 results

[Suddenly, All Lines Point South](#) - Analysis of HP's 2Q09 business results

[Back on Growth Track](#) - Analysis of IBM Global Services 2008 results

[Sometimes Less Is More and Down Is Up](#) - Analysis of IBM's 1Q

But back to our initial question: Why do heroes fall? Because they start to believe that they can walk on water. Because they think they are above it all. Because "power corrupts, and absolute power corrupts absolutely," [Lord Acton \(right, 1834-1902\)](#) noted more than a century-and-a-half ago.

"Great men are almost always bad men," he added cynically.

Well, now Acton can add another corporate scalp to his collection of "Humpty-Dumpties."

Regrettably, so can we. Check out a weird way in which Mark Hurd clammed up in May 2009 when we pressed him for details about HP's accounting practices in some of its services business results ([Suddenly, All Lines Point South](#), May 2009). His behavior made us suspect that perhaps Hurd had something to hide. We said in a sub-title to that report, "HP Now Also Seems to Be Resorting to 'Financial Engineering' to Try to Cover Up Shortfalls in Operational Success."

Also check out an earlier story about John Joyce, IBM's master "financial engineer" from Lou Gerstner's era in the 1990s joining the HP Board (see [HP Stock Down on Board News](#), May 2007). At the height of his accounting alchemy, Joyce produced what we called "[A Grand Slam Dunk of Bunk](#)" (Jan 18, 2002).

Now we can see that the HP CEO was no stranger to unusual accounting practices*, either.

Maybe Entire HP Board Should Resign?

What's even more bizarre is how the HP Board decided to sever the company's relationship with its chairman and CEO. You'd think that they would try to punish the culprit and thus wash off the dirt from the company's image? Well, think again. This is Corporate America. These people are used to being "kicked upstairs" as a form of punishment.

Hurd did not even get a slap on the wrist. Instead, he received a \$12 million severance payment and enough stock awards and options to ride into the sunset with about \$28 million, according to USA TODAY and some other media reports.

The former HP CEO reportedly even admitted some of his wrong-doings, and paid off his female accuser in a private settlement. The amount was not disclosed. But HP insider sources told the media that HP's money was not used to settle the affair.

Really? And where do you suppose Hurd's money came from? These sources don't think that \$28 million would be more than enough money for Hurd to walk away laughing all the way to the bank - after (evidently unsuccessfully) trying to buy this

business results

[IBM's Holistic Approach](#)
- Treating businesses like living organisms - secret of success

[IBM Tries to Pull Dow, HP Up](#) - Big Blue stock up sharply after CFO remarks at investor conf

[Hurd's First Stumble](#) - HP's 1Q09 revenues, earnings disappoint Wall Street

[Two Thumbs Up for Big Blue](#) - Analysis of IBM 4Q08 business results

[Big Blue: All Heart](#) - IBM creating new jobs in American Heartland

[When You Catch a Tiger by the Tail...](#) - An editorial about greed & success

[Squeezing the Consumer Dry](#) (*Greed fueled both bankers & oilmen's try to squeeze blood out of stone - consumer*)

[The Year of Living Dangerously](#) - Analysis of global investment trends

woman's silence?

Given how easily America's Boards seem to be willing to part with shareholders' money to keep the stench from corporate boardrooms from reaching the street, is there any wonder that we have so many "bad great men," as Lord Acton might have put it?

Perhaps it is time for all HP Board members to acknowledge their lapses in judgment and resign collectively. For, they have failed to protect the HP shareholders' best interests. Which is their fiduciary duty one and the only *raison d'etre* (reason for being).

Three strikes and you're out works in baseball. Why not in Corporate America Fiorina, Dunn, Hurd... How many more embarrassing strikes against the HP Board will it take?

Happy bargain hunting!

Bob Djurdjevic

*NOTE: Hurd had reportedly falsified some of his expense claims related to dinners with the female contractor who has accused him of sexual harassment. Insider sources told reporters that HP's money was not used in Hurd's settlement with her.

Hurd Accuser's Identity Revealed

HAIKU, MAUI, Aug 8 - Meanwhile, the identity of the woman who accused Hurd of sexual harassment was revealed on Sunday. She is one Jodie Fisher, a 50-year old actress, "who appeared in a number of steamy movies, including 'Sheer Passion' and 'Intimate Obsession'," according to the [Aug 9 edition of the New York Times](#). Fisher was under contract with HP "to work at high-level customer and executive summit events held around the country and abroad."



Hm... the world's largest computer company in the world using a sexy actress to work "high level... customer and executive events?" Not exactly typical IT marketing style in our 40-year experience around the industry and with HP in particular.

We also find it unusual that an alleged victim of sexual harassment would choose to make her identity public. Why "step forward" into the limelight so quickly and eagerly if she was really traumatized? Was Fisher maybe hoping that Hurd's prominence might rub off on her make her an overnight celebrity?

Fisher has reportedly appeared in numerous TV shows and films. Among her most recent work was on the [NBC](#) television reality show, "Age of Love." She was one of 13 women competing for the heart of a tennis star, [Mark Philippoussis](#). Fisher was the first one eliminated, the Times said.

Guess it was the wrong Mark. But she found the right mark in Mark Hurd.

So maybe there is more than one victim in this sordid play.

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