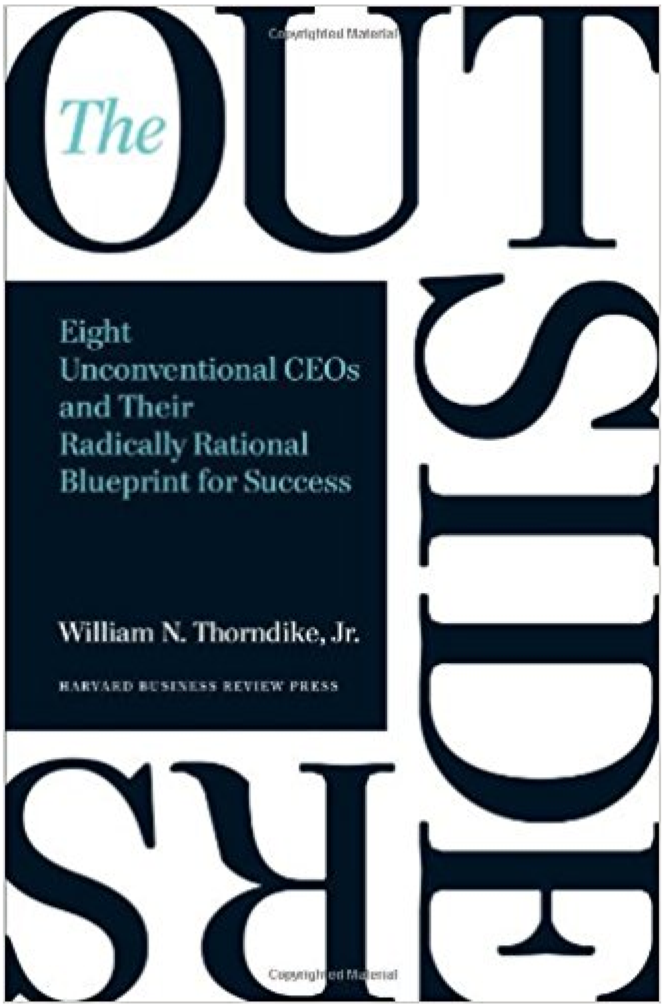
The Outsiders: Eight Unconventional CEOs And Their Radically Rational Blueprint For Success



Synopsis

“An outstanding book about CEOs who excelled at capital allocation.â • — Warren Buffett#1 on Warren Buffettâ ™s Recommended Reading List, Berkshire Hathaway Annual Shareholder Letter, 2012Named one of “19 Books Billionaire Charlie Munger Thinks You Should Readâ • in Business Insider.“A book that details the extraordinary success of CEOs who took a radically different approach to corporate management.â • — Charlie Munger, Vice-Chairman of Berkshire Hathaway Corporation“Thorndike explores the importance of thoughtful capital allocation through the stories of eight successful CEOs. A good read for any business leader but especially those willing to chart their own course.â • — Michael Dell, chairman of the board of directors and chief executive officer of DellWhat makes a successful CEO? Most people call to mind a familiar definition: “a seasoned manager with deep industry expertise.â • Others might point to the qualities of todayâ ™s so-called celebrity CEOs—charisma, virtuoso communication skills, and a confident management style. But what really matters when you run an organization? What is the hallmark of exceptional CEO performance? Quite simply, it is the returns for the shareholders of that company over the long term.In this refreshing, counterintuitive book, author Will Thorndike brings to bear the analytical wisdom of a successful career in investing, closely evaluating the performance of companies and their leaders. You will meet eight individualistic CEOs whose firmsâ ™ average returns outperformed the S&P 500 by a factor of twenty—in other words, an investment of $10,000 with each of these CEOs, on average, would have been worth over $1.5 million twenty-five years later. You may not know all their names, but you will recognize their companies: General Cinema, Ralston Purina, The Washington Post Company, Berkshire Hathaway, General Dynamics, Capital Cities Broadcasting, TCI, and Teledyne. In The Outsiders, youâ ™ll learn the traits and methods—striking for their consistency and relentless rationality—that helped these unique leaders achieve such exceptional performance.Humble, unassuming, and often frugal, these “outsidersâ • shunned Wall Street and the press, and shied away from the hottest new management trends. Instead, they shared specific traits that put them and the companies they led on winning trajectories: a laser-sharp focus on per share value as opposed to earnings or sales growth; an exceptional talent for allocating capital and human resources; and the belief that cash flow, not reported earnings, determines a companyâ ™s long-term value.Drawing on years of research and experience, Thorndike tells eye-opening stories, extracting lessons and revealing a compelling alternative model for anyone interested in leading a company or investing in one—and reaping extraordinary returns.

Book Information

Hardcover: 272 pages

Publisher: Harvard Business Review Press; 9/23/12 edition (October 23, 2012)

Language: English

ISBN-10: 1422162672

ISBN-13: 978-1422162675

Product Dimensions: 1.2 x 5.8 x 8.5 inches

Shipping Weight: 13.6 ounces (View shipping rates and policies)

Average Customer Review: 4.6 out of 5 starsÂ Â See all reviewsÂ (244 customer reviews)

Best Sellers Rank: #7,223 in Books (See Top 100 in Books)   #29 inÂ Books > Business & Money > Processes & Infrastructure > Strategic Planning   #35 inÂ Books > Business & Money > Management & Leadership > Systems & Planning   #177 inÂ Books > Business & Money > Management & Leadership > Leadership

Customer Reviews

Please note, I received a copy of this book for review from the publisher, Harvard Business Review Press, on a complimentary basis.Capital allocation uber alles"The Outsiders" rests on a premise, that the increase in a public company's per share value is the best metric for measuring the success of a given CEO, which lends itself to the book's major thesis: that superior capital allocation is what sets apart the best CEOs from the rest, and that most modern CEOs seem to be only partially aware, if at all, of its critical performance to their companies long-term business success.Notice! This book is examining the efforts and measurements of CEOs of public companies, not all businesses (public and private), so as a result in comes up a bit short in the "universal application" department. Yes, capital allocation is still critical even in a private business, but you can not measure a private business's per share value (because there isn't a marketable security price to reference) and the CEO of a private company is missing one of the most powerful capital allocation tools available to public CEOs, the share buyback (because there is no free float for them to get their hands on at periodically irrational prices).

The Outsiders is the epitome of overrated. Thorndike makes the data fit a pre-conceived hypothesis; this is not at all an academically-serious piece of work. There is a total confusion between correlation and causation...to the point where Darwin is probably rolling over in his grave!Thorndike's pre-conceived hypothesis is this: 'outsider' CEOs are independent thinkers who buy back shares, focus on cash flow, and run lean organizations. Great. Except, there are about 500 companies beyond the 8 featured here that do all three of those things... without ’outsider’ type results. And... when you really get into the meat of Thorndike’s examples, you realize that his ’outsider’ CEOs can issue shares too! As long as they do it smartly! And they can make giant acquisitions and expand their organizations massively, as long as it is smart!There’s no way companies like General Dynamics or the Washington Post are run by ’outsiders’, even by Thorndike’s own definition. In the case of General Dynamics for instance, each of THREE CEOs profiled came from military backgrounds, each was groomed for the post, and then they all did completely different things! One made a lot of acquisitions, another did a bunch of divestitures; one wanted to grow laterally by acquiring Gulfstream (to mitigate the ups and downs of the defense business?! -- as if that’s a good, ’outsider’ reason?), the other wanted to shrink and be very focused on doing a few things well; one issued stock, the other bought it back... so, is the reader to assume that all of these behaviors are characteristic of "outsider" CEOs? Wait... let me get this straight...

There are countless examples of once-great companies such as Kodak and Sears that became victims of what had once been the reasons for their success. When George Eastman founded Eastman Kodak (in 1901) and Richard Sears and Julius Rosenwald founded Sears, Roebuck (in 1906), they did so with what William N. Thorndike characterizes as a "radically rational blueprint for success." Both companies eventually became among the largest and most profitable in the world. However, for reasons that vary from one company to another in nature and extent, that is no longer true.The business lessons to be learned from companies such as Kodak and Sears were obvious to CEOs such as Tom Murphy (Capital Cities Broadcasting), Henry Singleton (Teledyne, Bill Anders (General Dynamics), John Malone (TCI), Katherine Graham (the Washington Post Company), Bill Stiritz (Ralston Purina), Dick Smith (General Cinema), and Warren Buffett (Berkshire Hathaway). They are the "outsiders," focal points of this book. As Thorndike explains, there are immensely valuable lessons to be learned from the "radical rationality" of their leadership.These are among the dozens of passages that caught my eye:o The Capital Cities culture (Page 23)o The Cap Cities Publishing Division (Pages 31-33)o Buffett and Singleton: Separated at Birth?

Your Board Company Goal: Increase Engineering Productivity by 20 Times!: For CEOs of Technical Firms Primal Blueprint Quick and Easy Meals: Delicious, Primal-approved meals you can make in under 30 minutes (Primal Blueprint Series) The Primal Blueprint Cookbook: Primal, Low Carb, Paleo, Grain-Free, Dairy-Free and Gluten-Free (Primal Blueprint Series) The Outsiders A Teaching Guide to The Outsiders (Discovering Literature Series) The Outsiders' Guide to Las Vegas Yokohama Yankee: My Family's Five Generations as Outsiders in Japan The Renegade Writer: A Totally Unconventional Guide to Freelance Writing Success Unconventional Success: A Fundamental Approach to Personal Investment Content Inc.: How Entrepreneurs Use Content to Build Massive Audiences and Create Radically Successful Businesses The Big Pivot: Radically Practical Strategies for a Hotter, Scarcer, and More Open World 5 Prayers That Will Radically Transform Your Life: Christian Prayer Series, Book 6 Parenting: The 14 Gospel Principles That Can Radically Change Your Family Tenkara: Radically Simple, Ultralight Fly Fishing The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses On Fire: The 7 Choices to Ignite a Radically Inspired Life Competition Demystified: A Radically Simplified Approach to Business Strategy