Billion Dollar Lessons: What You Can Learn from the Most Inexcusable Business Failures of the Last 25 Ye ars

Paul B. Carroll, Chunka Mui
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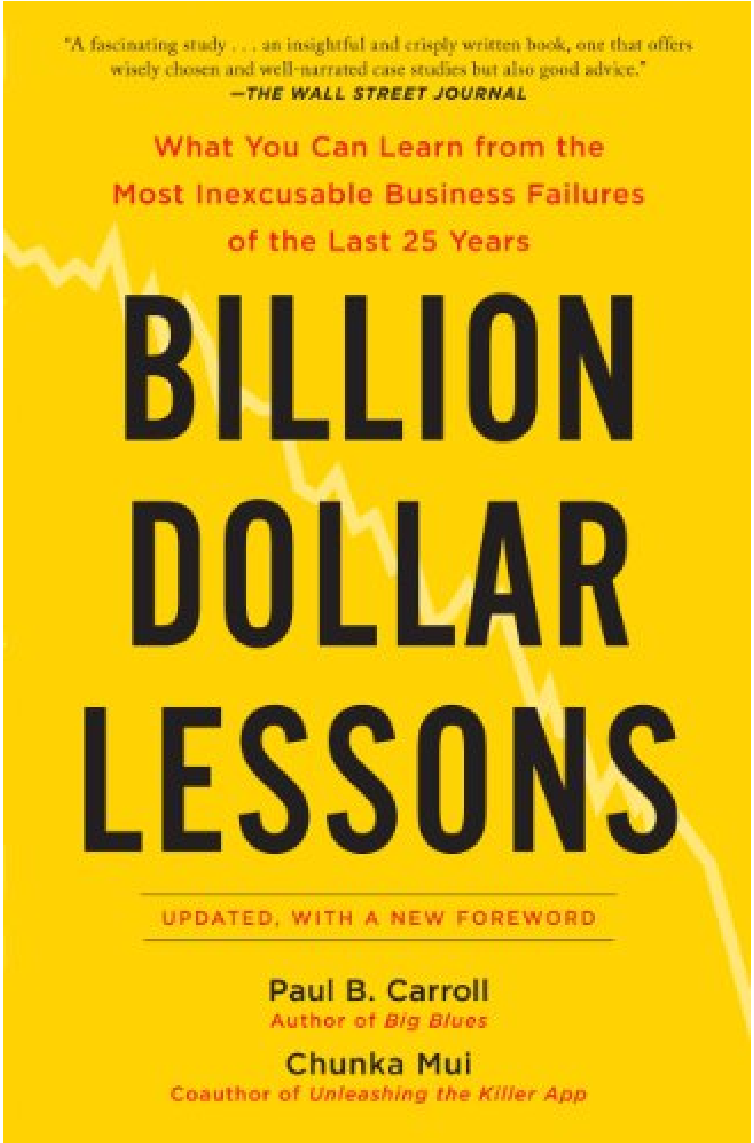

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Paul B. Carroll, Chunka Mui : Billion Dollar Lessons: What You Can Learn from the Most Inexcusable Business Failures of the Last 25 Ye ars before purchasing it in order to gage whether or not it would be worth my time, and all praised Billion Dollar Lessons: What You Can Learn from the Most Inexcusable Business Failures of the Last 25 Ye ars:

1 of 1 people found the following review helpful. A Very Absorbing BookBy NikhatThe delivery of spectacular failures is the subject of this book. Whereas most management texts deal with success stories and how to be successful, this book relates stories of failures and advises how not to fail while making management decisions. The authors investigated 2500 failures for more than two years to form the basis for this book. They relate these stories in a very readable and absorbing manner, analyze them from various aspects and bring out learnable lessons.The first lesson learnt is that "it is not enough to just try to be more aware of potential pitfalls. Some outside mechanism needs to be applied as a safeguard to head off bad deals and bad strategies". What can this "outside mechanism" be? Proper Corporate Governance probably.Another lesson learnt is that "it is awfully hard to kill dangerous ideas when the need for earnings (and bonuses) is very real and short term while the potential problems are ephemeral or long-term". This is often because "once a strategy starts to build momentum it will steamroll any possible objections".A very valid fact brought out by the authors is that "boards can spot problems, but directors are sometimes reluctant to speak up because they don't have as much information as the CEO and seldom have as much background in the industry". They have also quoted case where directors were "outmaneuvered". Is having more knowledgeable and assertive directors the answer?The authors suggest that "failures tended to be associated with one of seven types of strategy. Failures could certainly happen for other reasons, but if a company followed one of these seven strategies it was far more likely to flop". These seven strategies are synergy, financial engineering, rollups, staying the course, adjacencies, riding technology and consolidation."Part One" of the book is divided into chapters to deal with these seven strategies respectively.The authors quote a study that found that in 124 mergers only 30 percent generated synergies and even these were "even close to what the acquirer had predicted". The reason that they write for the failures in synergy is "that as companies are becoming more dependent on technology, achieving synergy targets is heavily dependent on the combined entity's ability to integrate their business platform and operate as one", but "the awareness of business platform integration issues is typically missing at all stages of planning".About "financial engineering" the authors write that "companies get sucked into the idea that they'll indulge in some creative accounting, but only briefly ... but the one or two quarters of aggressive accounting can become ... a way of life - until disaster strikes".Rollup, as defined by the authors, is the concept that "you can operate more efficiently by taking dozens, or even thousands of small businesses and combining them into one large one". The quote studies that suggest that "more than two-thirds of rollups fail to create any value for investors", but the "problem is not the concept but the execution".The authors say that executives, like pilots of a crashing aircraft, have warning signs that they are about to crash, but they do it anyway. They relate the interesting story of Kodak in this regard in detail.Expanding into adjacent markets has been a popular strategy for growth, but the authors find that a majority of such moves fail and that the problem lies mainly in the defining an "adjacent" market.A very interesting quote from this book is that "marketing is when you lie to your customers, marketing research research is when you lie to yourself". This assertion is supported by the interesting story of Iridium.The lesson that the authors teach regarding consolidation is that "simply because an industry will consolidate, it does not mean that you should be the buyer" to win. Examples quoted in the book do prove this advice.The chapter titled "The Devil's Advocate" is very interesting. The authors advise the dissent should be institutionalized to ensure rational decision-making.This is a very interesting and absorbing book and is recommended to middle and senior levels of management and to directors of companies.0 of 0 people found the following review helpful. Learn from past mistakesBy Brandon G. SmithMany of these lessons come from stories that will baffle you. I believe the errors caused were costly, but could have been avoided if folks would just be comfortable w/ the wealth they have already accumulated. Greed is not good.0 of 0 people found the following review helpful. Great GiftBy Aussie AccountantI buy books as gifts and this was a fantastic gift for a new financial controller. I'll be buying more copies to give to the next generation of financial controllers as they take their first step from public practice to the corporate world.

rdquo;This book is your chance to learn from othersrsquo; mistakes.rdquo;-- EntrepreneurIn the 1960s, IBM CEO Tom Watson called an executive into his office after his venture lost $10 million. The man assumed he was being fired. Watson told him, ldquo;Fired? Hell, I spent $10 million educating you. I just want to be sure you learned the right lessons.rdquo;There are thousands of books about successful companies but virtually none about the lessons to be learned from those that crash and burn. Now Paul Carroll and Chunka Mui draw on research into more than 750 flameouts to reveal the seven biggest reasons for business failure.

From Publishers WeeklyCarroll (Big Blues) and Mui (Unleashing the Killer App) collaborate to perform an autopsy on some of the most spectacular business failures and corporate disasters in recent times, hunting down the fatal strategies responsible. The authors examine more than 750 inexcusable corporate collapses, neatly cataloguing them into eight common failure patterns: doomed practices, including the Illusion of Synergies, as illustrated by the ruinous merger attempts by Sears and Dean Witter; Faulty Financial Engineering, as conducted by Tyco and Revco; Staying the (Misguided) Course Too Long, a sin committed by Kodak, which missed the boat on digital photography; and Consolidation Blues, as depicted by U.S. Airways, which crashed as a consequence of buying up too many companies too quickly. While there are assuredly lessons in defeat and the authors' detailed analysis and bracing honesty is welcome, readers hoping for a more encouraging or inspirational business book might find Carroll and Mui's avalanche of disastrous failures, avoidable bankruptcies and destruction of shareholder value a depressingmdash;if highly instructivemdash;read. (Sept.) From BooklistWith lessons learned from extensive research into 750 major bankruptcies between 1981 and 2006, including Enron, Conseco, Texaco, Kmart, and Refco, authors Carroll and Mui set out to help corporate management avoid failure from bad strategies. Almost one-half of the failures could have been avoided if the companies had been aware of strategy pitfalls or had become cautious in the face of clear warning signs. The authors describe seven basic strategic failures, including estimating synergy from mergers, which proves to be exaggerated; aggressive use of accounting or financing mechanisms; staying the course in spite of a clear business threat; and riding the wrong technology, which fails. We also learn about the psychological implications of management banding together when something is wrong rather than individuals standing up for what is right and the important benefits of introducing a devilrsquo;s advocate into a strategyrsquo;s deliberative process. This well-researched book provides valuable insight for corporate executives and investors. --Mary Whaley ldquo;The Toronto Globe Mailrsquo;s #1 Best Business Book of the Yearrdquo; ldquo;A fascinating study of business error and failuremdash;couldnrsquo;t be more timelyhellip;Billion-Dollar Lessons is an insightful and crisply written bookrdquo; mdash;Daniel Akst, The Wall Street Journal ldquo;A worthwhile repository of wisdom.rdquo; mdash;Richard Pachter, Miami Herald ldquo;An indictment of the bold and chowderheaded.rdquo; mdash;Leigh Buchanan, Inc. Magazine ldquo;Well-researched and thought-provoking.rdquo; ndash;Mary Whaley, Booklist ldquo;Fun to readhellip;engaging.rdquo; ndash;BizEd ldquo;A great read.rdquo; mdash;Marc Kramer, The Evening Bulletin