FOREWORD REVIEWS THE INDIE WE LOVE.

Business & Economics

Fit to Bust: How Great Companies Fail
Tim Phillips
Kogan Page
978-0-7494-6013-6
(March 31, 2011)

This book's title is, to some extent, derived from a best-selling business book referenced by Tim Phillips entitled *Built to Last*, by Jim Collins and Jerry Porras. Why does that matter? Because, as *Fast Company* magazine pointed out, at least 7 of the original 18 companies described in *Built to Last* "have stumbled."

That fact makes *Fit to Bust* all the more intriguing, because the book explores the failure of not just any companies, but what are widely regarded as "great" companies. Phillips casts a critical eye on many big names of international stature, offering engaging sketches of each.

The hall of shame includes AIG, AOL Warner, Bear Stearns, Enron, General Motors, Lehman Brothers, and WorldCom. But Phillips also exposes the stories of countries that failed (Albania and Iceland), lesser known corporate failures (Digiscents, Home-Stake Production Co., and USWeb, for example), and even failures that occurred hundreds of years ago (the Mississippi Company of 1719, the South Sea Company of 1720, and Tulip Mania of 1636). Phillips also includes several well-known personalities responsible for gigantic failures, such as Bernard Madoff, Charles Ponzi, and the lesser-known Clarence Hatry, who was connected with the 1929 Wall Street crash.

One of the more intriguing sections of the book addresses the especially spectacular failures of merged and acquired (M&A) companies. Phillips has a somewhat strong opinion on the subject: "If M&A was a horse," he writes, "they'd shoot it. Every study of the effectiveness of M&A across the board shows that, on average, it destroys money." Among the cases cited here are AOL Time Warner, Royal Bank of Scotland and ABN AMRO, Bank of Scotland and Halifax, and USWeb, which swallowed up twenty-six companies, including CKS, a rival that was also acquisition-hungry.

Phillips, a freelance journalist who has written for the *Wall Street Journal Europe* and the *International Herald Tribune*, is unafraid to present each of the stories in *Fit to Bust* with a

sense of unvarnished truth and, at times, moral outrage. After reading even a few of the accounts of these failures, one cannot help be struck by the unfortunate similarities of flamboyant CEOs, numbers that don't add up, and posturing that covers up the scheming. And yet, the companies that went bust were held up as examples of success. As Phillips writes, "a common theme in this book is the adulation that many failures bask in, right until the last moment."

Fit to Bust offers readers an insight into failure on such a large scale that it is almost inconceivable it is repeated time and again. But failure is a way of life that has been all too common in the business world for hundreds of years. Sadly, this is a book that proves it.

Barry Silverstein