

# The Wall Street Journal

DECEMBER 10, 2011, 9:50 P.M. ET

Damage Control for a Forced Exit

By JOANN S. LUBLIN



Michael C. Woodford just got a crash course in how to protect your reputation when you're forced out of a high-level job.



Reuters

Former CEO of Olympus, Michael C. Woodford

The specifics of Mr. Woodford's situation were anything but typical: The 51-year-old British chief executive of Japan's Olympus Corp. got fired in October after challenging his employer over costly transactions it now admits were bogus. But how to handle a dismissal well is an increasingly common dilemma given brisk turnover in the management suite nowadays.

Mr. Woodford's approach was to fight back. He told journalists why he thought he was fired and turned over internal documents he said supported his version of the story. (Olympus says it dismissed its CEO owing to differences in management style.)

His allegations sparked probes by U.S. and Japan authorities, sank Olympus's stock and led to the ousters of other top executives at the company. Mr. Woodford believes keeping quiet about his dismissal would have tarnished his reputation for integrity.

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"If people understand why you left a company, you hope they have a better opinion of you," he says. So far, no one has offered to hire him. "A lot of people think I am mad" for speaking out, Mr. Woodford admits. "You can hurt yourself by doing the right thing."

His experience highlights the importance of carefully orchestrating a forced exit. "Overconfident executives often underestimate the reputational damage from being pushed out of their jobs," says Laurence J. Stybel, president of Stybel Peabody Lincolnshire, a leadership consultancy. Handled well, you can preserve your reputation and improve your chances for landing fresh employment. Here are some strategies to pursue:

-- Line up your own public-relations adviser -- fast.

"The best time to retain a PR person is when you receive hints of an imminent ouster," suggests Laurel G. Bellows, principal of Bellows Law Group P.C. in Chicago. "A good public-relations person can influence coverage of this humiliating event, minimizing the hit to your reputation," says the attorney, who negotiates executive employment and separation agreements.

Carol Bartz, former CEO of Yahoo Inc., waited too long to seek PR help, according to legal and communications specialists. Board members impatient over the Web company's lack of a turnaround fired her in September. During a Fortune interview the next day, she called Yahoo directors "doofuses" and said "these people f—ed me over."

Ms. Bartz's comments caused such a stir that she subsequently hired a crisis-communications specialist. She declined to comment for this story.

-- Get involved in preparing corporate announcements about your exit.

CJ Fraleigh was forced to resign this fall as chief executive of Sara Lee Corp.'s North American business. Board members changed their minds about having him run the unit as a publicly held concern once the food conglomerate splits in two next year.

Mr. Fraleigh learned about the board's decision on a Friday. Over that weekend, he lobbied Sara Lee colleagues to revise their proposed press release, a person familiar with his thinking said.

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The original draft said he "agreed to leave the company." At his request, the final version stated he resigned "to pursue other opportunities." The company turned down his request to include language saying he was leaving behind a well-developed team. "The majority of his changes were incorporated," a Sara Lee spokesman said.

Gail Meneley, co-founder of Shields Meneley Partners, a career-transition firm that serves displaced top executives, says such individuals should use other exit-related negotiations to win influence over the wording of their departure announcement.

"You might improve your negotiating stance by delaying agreement on your severance package unless your employer honors the points that you want included in the official announcement," Ms. Meneley says.

-- Turn the tables on your employer -- without violating your contractual ban on disparagement.

Ms. Bartz's 2009 contract barred her from knowingly disparaging Yahoo officers and directors for five years after leaving. Despite her critical remarks -- which included an email to Yahoo employees complaining she was fired by phone -- the company gave her roughly \$10 million in severance.

Directors felt they had "many more important things to worry about" than whether Ms. Bartz had harmed their reputations by calling them "doofuses," a person familiar with the situation said. Refusing her severance "would have proved her point," a person close to Ms. Bartz added. A Yahoo spokeswoman declined to comment.

Mr. Woodford wouldn't say whether his Olympus contract forbids disparagement of his longtime employer. Either way, he insists, "you are morally and legally obliged to make people aware of wrongdoing."

-- Let powerful allies defend you.

Hewlett-Packard Co. directors ousted CEO Mark Hurd following an ethics probe in August 2010. Billionaire Larry Ellison, a close friend who runs Oracle Corp., emerged as his strong advocate.

Independently, Mr. Ellison sent the New York Times an email that castigated the H-P board's decision and praised Mr. Hurd for having done "a brilliant job" reviving the tech giant. He hired Mr. Hurd as Oracle's president a month later.

Influential acquaintances can also help by arranging introductions and alerting potential employers. You should brief contacts in advance about your best qualifications and why you left, experts say.

-- Encourage your outside boards to investigate.

The head of a consumer-services concern quit a few years ago after a board clash over his management style. At his suggestion, another public company where he held a directorship looked into his exit.

"I didn't want anyone to question my integrity," the ex-CEO explained. Those board members "concluded it was a silly witch hunt." He kept his seat.

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