

# The rise and fall of mike sears



Like Sears was a prodigy of Harry Stonecipher, the blunt-talking, hard-driving aerospace executive who became CEO first of Sears earned a reputation as a skilled manager who restlessly cut costs and boosted productivity, building a program that was below costs and ahead of schedule. Stonecipher admired Sear's effectiveness at assembling and managing cross-functional product development teams, establishing closer ties with suppliers and improving controls within his organization.

When McDonnell Douglas was acquired by Boeing in 1996, Sears went with Stonecipher to the acquiring company, where Stonecipher became president until his retirement in 2002. Sears was appointed as chief financial officer. It was soon clear, however, that Sears was after the top spot. As CFO he was one of the obvious candidates in line to succeed Boeing CEO Phil Condit. Other contenders included Alan Mulally, head of Boeing's commercial aerospace group, and James Albaugh, who ran Boeing's defense systems fqcc .

According to company insiders, Sears began to take steps to amass a power base at his rivals' expense. In 2002 Sears heard that Darleen Druyun, the top Air Force procurement officer, was looking to move into the private sector. Druyun was quite possibly the most sought-after executive-to-be in the entire aerospace industry. Because of her knowledge of the Pentagon procurement process and her contacts, Boeing and other aerospace companies tried hard to land her. James Albaugh had talked to her at least once but came up dry.

Sears, however, somehow managed to persuade her to join the company. The coup gave Sears a huge advantage over Albaugh and Mulally. It also had the potential to expand his power base by making Druyun an ally. Unknown to others at the time, Sears had clinched the deal by promising Druyun a top job at Boeing while she was still in the middle of negotiating a \$22 billion military contract with Boeing for a fleet of jet tankers, which Boeing was ultimately awarded. In 2003 Sears pushed things further.

He reportedly waged an all-out war with CEO Phil Condit, taking over all public relations responsibilities and controlling access to the media and investors—roles that were normally the prerogative of the CEO. Sears also took control of Boeing's in-house leadership center at St. Louis. Banished from the sessions were Albaugh and Mulally. With almost any important executive passing through the center, control gave Sears unprecedented exposure within Boeing's far-flung organization.

Sears's stock rose further in mid-2003 when leaks to the media implied that Albaugh had withheld information from Sears about a \$1. billion charge against earnings that Boeing was forced to take due to write-downs in its defense business. Sears was in charge of public relations at the time, and many suspected that the leak was part of a deliberate smear campaign. In an internal Boeing memo later leaked to the press, Albaugh said that "the efforts to cast the write-down as the result of me withholding information—surprising world headquarters—is not supported by the facts..... If Mike (Sears) is intent on discrediting me, he does a disservice not only to me, but also to the company.

By this time it was becoming apparent to many that Sears was anxious to succeed Phil Condit, “to the extent that it got pretty disgusting” according to a Boeing board member. The summer of 2003 turned out to be the high point in Mike Sears’s career. In November 2003 the government accused Sears of “communicating directly and indirectly with Darleen Druyun about future employment when she had not disqualified herself from acting in her official government capacity on matters involving Boeing.

The government went on to state that the pair had attempted to conceal this infraction from company lawyers investigating the matter. It was also alleged that Druyun broke the law by telling Boeing employees confidential information about how Airbus had priced its bid for the tanker contract. Boeing fired Mike Sears immediately, and ultimately both he and Druyun pleaded guilty to criminal wrongdoing and faced jail time. Ironically the firing of Sears raised questions about the ethics of management at Boeing under Phil Condit, the man Sears had wanted to replace as CEO.

Within a month Condit had resigned from the CEO position, a victim of the fallout from the scandal, which resulted in the loss of the military tanker contract. Condit was replaced by Harry Stonecipher, who came out of retirement to take the CEO position. However, in another disturbing power play at Boeing, Stonecipher was himself forced to step down after a leaked e-mail message revealed that he had initiated an extramarital affair with an employee at Boeing. Fearing that Boeing was becoming mired in scandal after scandal, the board of directors asked for Stonecipher’s resignation. He was replaced by Jim McNeary, the CEO of 3M.