

Corporate America's best and brightest:

The “unwritten rules” of Raytheon's William Swanson

David Walsh
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The American public has been told for years by the media that corporate executives deserve the fabulous amounts they receive in compensation. According to the official version, these men and women are individuals of exceptional talent, skill and vision.

In a January 21, 2006, editorial, the *Wall Street Journal* took exception, in its inimitable scrappy manner, to those accusing American CEOs of being overpaid. “Here we go again, with one more round of financial journalism deploring the exorbitant, outrageous, immoral, offensive—have we left out any adjectives?—compensation of CEOs.... Who knows what is ‘exorbitant’ pay anyway? The modern CEO position requires a variety of skills and experience that aren’t easily found.”

CEO pay consultant Joseph Bachelder argues, “Boards of directors in this country are seeking outstanding leadership, and they consider the CEO to be the single most important factor in the future success of that company measured by the next five or ten years.... In World War II, Eisenhower, Admiral King, George Marshall stood out because of their capacity to lead large groups of people and armies and navies to win the war. They were capable of translating ideas into action in a broad based group. Same thing with a CEO to be effective.”

American CEOs continue to impress the world. Take William H. Swanson, chairman and CEO of Raytheon, the giant defense contractor. It was recently revealed that he plagiarized major portions of his book, *Swanson's Unwritten Rules of Management*, from a 1944 work by W.J. King, an engineering professor at the University of California Los Angeles, *The Unwritten Laws of Engineering*.

Swanson's book had been met with much acclaim in the corporate world, always on the lookout for short-cuts to complex problems. It had apparently won praise from former GE executive Jack Welch and investment guru Warren Buffett, among others. It became, in the words of one commentator, “a cult hit in corporate America”; Raytheon, the fourth-largest defense contractor in the US, had given away some 300,000 copies.

On April 14, *USA Today* ran a flattering piece on Swanson and his book. It reprinted his list of “unwritten rules” in a

sidebar. Carl Durrenberger, a young engineer in San Diego, noticed that the body of Swanson's observations bore a remarkable resemblance to the King work, of which he possessed a copy. In fact, he noted, that of Swanson's 33 rules, 17 came virtually word for word from King.

Durrenberger wrote a letter to the editors of *USA Today*, noting that “nearly all of these ‘unwritten rules’ have indeed been written—by another author in fact, sixty years ago.... Perhaps there is a new rule he [Swanson] needs to swallow about taking credit for other people's work. Or perhaps this sort of thing has been his recipe for success in corporate America and, for him, stepping on the genius of others is business as usual.”

Durrenberger included a list of the unwritten rules that “were lifted verbatim” from King's text. These insights include:

“Cultivate the habit of ‘boiling matters down’ to their simplest terms.” “Do not get excited in engineering emergencies—keep your feet on the ground.” “Cultivate the habit of making brisk, clean-cut decisions.” “Be extremely careful of the accuracy of your statements.”

“Confirm your instructions and the other fellow's commitments in writing. Do not assume that the job will be done....”

and so forth.

Durrenberger concluded his letter: “The list of similarities and exact quotations goes on and on. This is a particularly serious infraction that deserves the attention and correction of your editorial department.”

Further ‘close readings’ of Swanson's book have revealed that he lifted the first four of his rules from Secretary of Defense Donald Rumsfeld and rule No. 32 from humorist Dave Barry.

In response to a *New York Times* article April 24 on the episode, Swanson issued a statement in which he declared, “The lessons that lie at the heart of the ‘Unwritten Rules’ were gathered over a lifetime of experience, reading and listening.... For me, the originality of the material was never the rules themselves, but my expression of them in terms of my experience over the years.”

Swanson was not nearly so modest in a December 2005 interview with *USA Today*.

“Q: How did you come up with the rules, and why 33?”

“A: One for each year I had been with Raytheon. I grew up keeping track of everything in engineering notebooks.... I ended up with many scraps of paper. Years later, I was asked to give a speech about the lessons I learned going from engineering to management. I grabbed my scraps and turned them into a presentation. One day we sat down with a tape recorder and turned it into a book.”

Denying the charge of plagiarism, Swanson told *USA Today* that “it’s possible he once read King’s book, but he doesn’t recall. But he says he never copied from the book.” Durrenberger told the newspaper that “stranger things have happened in the realms of science,” but that he found Swanson’s explanation unlikely. “If he had many random sources over the years, how could almost half of the book be almost word for word? It seems like too much of a coincidence.”

In response to the revelations of Swanson’s plagiarism, Raytheon’s board of directors announced that it was punishing him by freezing his salary at its 2005 level (\$1.12 million) and cutting his restricted stock award by 20 percent (his restricted stock award in 2005 was \$2.96 million). The reductions apparently amount to about \$1 million in lost compensation. The company has stopped circulating the book of ‘unwritten rules.’

Company executives issued a statement in which they indicated that Raytheon’s board had “expressed to Mr. Swanson its deep concern over the disclosures involving The Unwritten Rules.” However, the board also praised Swanson for his “extraordinary vision” and declared its “full confidence” in him.

What “extraordinary vision” does it take to lead a company that manufactures cruise missiles and other implements of destruction? Things ought to be fairly clear-cut. You need a war, preferably more than one war, and you have one principal customer, the Pentagon. You need to lobby for war, and lobby the politicians and the military for your products. The “Big 4” weapons makers—Lockheed Martin, Boeing, Raytheon and TRW—hand out millions in contributions to the politicians, and they find their needs met.

Raytheon manufactures Tomahawk and Patriot missiles, the 5,000-pound “bunker buster” bombs and similar weapons. As CorpWatch.org notes, “When a missile killed 62 civilians in a Baghdad market, that was Light from the Gods [the meaning of Raytheon].” It is a company deeply tied to the military and intelligence apparatus. According to CorpWatch, “One of Raytheon’s more secretive subsidiaries is E-Systems, whose major clients have historically been the CIA and other spy agencies like the National Security Agency and the National Reconnaissance Office. An unnamed Congressional aide told the Washington Post once that the company was ‘virtually

indistinguishable’ from the agencies it serves. ‘Congress will ask for a briefing from E- Systems and the (CIA) program manager shows up,’ the aide is quoted as saying. ‘Sometimes he gives the briefing. They’re interchangeable.’ “

As the plagiarism episode reveals, Swanson is not even innovative in his platitudes—he has to borrow them from others. He epitomizes the essentially mediocre, shallow and ignorant human material, without an original thought or insight to its credit, that makes up the American ruling elite.

Swanson received a slap on the wrist. His career at Raytheon has not been destroyed. He will not be harassed about this business for long. He is too powerful and too well connected.

Consider, on the other hand, the case of Harvard undergraduate Kaavya Viswanathan. She recently admitted using passages from another writer’s work in her novel, *How Opal Mehta Got Kissed, Got Wild, and Got a Life*. Viswanathan has been pilloried in the media. As Dave Leonhardt noted in the *New York Times*, “national humiliation” has been her fate. She spent “much of the last week as the media’s whipping girl.” Swanson’s sins, on the other hand, “have gotten just a smidgeon of the attention that Ms. Viswanathan’s have.”

This might have something to do with Swanson heading one of the most powerful and politically connected corporations in the US.

In his 2004 “Stewardship Report,” Raytheon’s CEO wrote, “We believe that ethics needs to be at the core of everything we do. I define integrity as treating the company’s name as if it were one’s own. This stewardship starts with me and with the Board of Directors and ultimately extends to all 80,000 employees. For this reason, all of us on the Board have participated in an ethics training program tailored to the Board’s unique responsibilities, and we have a well-established ethics training program for all of our employees.”

Words to live by!

Compared to making millions out of death and destruction, plagiarism may be a small crime, but somehow it adds a piece to the puzzle.



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