

# Mulling Meg Whitman: HP considers CEO shakeup

September 22 2011, By JORDAN ROBERTSON , AP Technology Writer

---

(AP) -- As trial balloons go, Hewlett-Packard's not-so-secret handwringing -over whether to dump CEO Leo Apotheker and replace him with former eBay CEO Meg Whitman- was a success. Investors like the idea. News that the company's board is mulling a leadership change pushed the stock up more than 7 percent on Wednesday.

Investors were heartened by yet another [turnaround strategy](#) at one of Silicon Valley's oldest, but most publicly dysfunctional, firms. Since joining HP in November, Apotheker's strategic decisions have been drastic, and have done little to inspire confidence. HP's stock is down nearly 50 percent since he took the helm.

HP is facing a classic big-company problem: How to meaningfully grow revenue. But it's also facing an identity crisis. The company's trying to figure out whether it works best as a technology conglomerate that can be all things to all customers, or as a more streamlined operation that does only a few things well.

Apotheker's potential exit comes as HP is predicting tough times ahead. In August the company lowered its outlook, saying it expects adjusted earnings of as much as \$4.86 per share and revenue of as much as \$127.6 billion, both of which were below analyst projections. The proposed [spinoff](#) of the PC division could make matters worse as customers refrain from ordering until a buyer is found.

Deliberations among the company's board of directors, which leaked Wednesday in published reports, also signal the disarray within HP about its direction. Shareholders have already voiced their fears. HP's market value has fallen by \$60 billion since former CEO Mark Hurd was forced out in August of last year over an ethical scandal. If Apotheker is ousted, he will be the third CEO jettisoned from HP in the past six years.

It won't be the first time for Apotheker, who was forced out of his previous job as CEO of business [software maker SAP AG](#) over ill-timed price hikes he implemented and widespread employee dissatisfaction. Apotheker was supposed to be a steady hand to steer HP out of controversy. Many analysts mocked the pick as an unusual choice, considering the circumstances.

In some ways, [Meg Whitman](#) would be an odd choice to replace Apotheker. While Whitman is more of a celebrity, her record wasn't perfect at eBay. She resigned from eBay in 2008 amid slowing growth and disappointment over eBay's \$2.6 billion gamble on the Skype Internet phone service. She's a billionaire who spent more than any candidate for a statewide office in U.S. history in unsuccessful Republican campaign for California governor last year. She spent at least \$174 million, all but \$30 million of it her own money.

Still, Whitman spent a decade guiding [eBay](#) and is a widely respected executive who took a website with 30 employees and \$86 million in revenue and turned it into corporation with 15,000 people and nearly \$6 billion in revenue. Whitman is among the people brought onto HP's board in a reshuffling shortly after Apotheker was hired. How she would fare as CEO amid HP's current restructuring is unclear.

Apotheker has struggled, while complaining that HP suffered years of under-investment by his predecessor, [Mark Hurd](#).

Reaction to his latest decision to try to sell or spin off HP's personal computer division showed that many investors aren't sure what to make of his decision-making. The move was widely praised and vilified at the same time. Analysts cheered HP's efforts to exit parts of the computer hardware business that are barely profitable. But they assailed Apotheker's approach, which was to waffle about whether HP would actually shed the business or keep it after an auction to gauge buyers' interest. The equivocation has already done serious harm to the businesses' value, analysts said.

HP's board is reconsidering a spinoff or sale of the PC division. According to Bloomberg News, some board members think the plan wasn't thoroughly thought out.

Brian White, an analyst with Ticonderoga Securities, floated the idea that HP may not have had Apotheker in mind for the long term anyway. In a research note Wednesday, White wrote that he wouldn't be surprised if Apotheker all along was the "fall guy," hired to take the hit for the ugly work of restructuring.

White said he wouldn't be surprised if HP brings in a new CEO, "as we have always thought that Leo was placed in the role on a short-term basis to take the fall for the company's under investment under the previous CEO," White wrote. "At the same time, we believe a new CEO could begin to build credibility for HP and join the company after quite a bit of damage has already been done."

An HP spokesman declined to comment. The news was earlier reported by Bloomberg News and AllThingsD.com.

[HP](#) shares rose \$1.65, or 7.3 percent on Wednesday, to \$24.12. HP's market value, which had been \$108 billion before Hurd's exit in August of 2010, now stands at \$48 billion. That makes HP's biggest rival, IBM

Corp., four times bigger by that measure and Hurd's new employer, Oracle Corp., three times bigger.

©2011 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: Mulling Meg Whitman: HP considers CEO shakeup (2011, September 22) retrieved 16 April 2024 from <https://phys.org/news/2011-09-mulling-meg-whitman-hp-ceo.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--