

The Outlook: Jan. 13, 2021

No excuses at Intel . . . or anywhere else.

Political headlines continue to dominate just about every source of news, including sites which are meant to focus on business. But the Wall Street Journal, this afternoon, awarded a spot halfway down the front page to a story worth thinking about, for us investors: “Intel Fires CEO Bob Swan!”

The first red circle, below, is 30 months ago, when Mr. Swan took over at Intel. The stock was at \$50 or so. The second red circle is yesterday, when Mr. Swan was fired. The stock was at \$52 or so . . . then rocketed up 7% on the news.

30 months: Intel hires Mr. Swan at \$50; fires Mr. Swan at \$52.



Of course there are some colorful details to the story, mainly about celebrity hedge fund managers pressuring Intel's Board to swing the axe. But the celebrities did not stampede the Board into the firing. Mr. Swan is gone because under his watch the company stumbled at one of its historical strengths: world-leading excellence in chip design and manufacturing.

As usual in these cases, Mr. Swan did not bear all the blame. His predecessor (fired for violating employee policies in mid-2018) helped set the stage. But Intel's chip rival, AMD, is up 500% since mid-2018, while Intel was up zero. As usual again in such cases, there are a dozen reasons why . . . but the breakdown in Intel's factory execution was a big one, and it was enough.

Mr. Swan's firing does not mean he's a bad CEO. It means he wasn't good enough, or fast enough, to see the iceberg near Intel, and correct course soon enough to avoid it. At Outlook we suspect that would have been an exceedingly tough job for any CEO. It would have required a truly outstanding leader, and they

are as rare as the word “outstanding” implies. But the firing, partly unfair as most firings are, was still exactly the right action, because accountability for results is a cornerstone of America’s 200-year economic miracle (along with free-market competition, the rule of law and boundless engineering ingenuity.)

U.S. CEO’s, as a whole, act faster and more decisively than anyone else in the world . . . because they are individually accountable for results. “Accountable,” of course, means “no excuses.” Sometimes they quickly and decisively make awful blunders. They’re human. But most of the time, by far, they live by General George Patton’s motto: “A good plan, executed today, is infinitely better than a perfect plan, executed later.” Every CEO in the country saw Mr. Swan’s story, today. Very few of them need reminding that “There, but for the grace of God, go I” as the old saying goes. But they won’t be slowing down, in their own actions with their own companies, any time soon.

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