

# Speaking VOLUMES

Reviewed by Brian J. Burt

## Greatness to infamy — a Silicon Valley cautionary tale

*The Real Story of Informix Software and Phil White — Lessons in Business and Leadership for the Executive Team*

By Steve W. Martin  
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In response to the scandals at Enron, WorldCom and other now-infamous companies, Congress passed the Sarbanes-Oxley Act of 2002 to usher in a new era of transparency and accountability. An intended casualty of this new corporate governance regime was the “celebrity CEO” — an executive who focused more on personal accolades than effective management. The cult of the celebrity CEO reached its apex in the 1990s, and was particularly pervasive in Silicon Valley.

During that decade, a charismatic leader named Phil White presided over the spectacular rise and fall of Informix Software, and, in the process, went from an obscure database company executive to a “Silicon Valley hero” to a convicted felon. Author Steve W. Mar-

tin was an employee during White’s reign at the company, and believes that the media’s sensationalized reporting never captured the true Informix story.

In his engaging book, *The Real Story of Informix Software and Phil White — Lessons in Business and Leadership for the Executive Team*, Martin chronicles that story from an insider’s perspective. For Martin, it is a cautionary tale that must be told against the backdrop of a unique chapter in Silicon Valley’s history — a period that he terms “California’s second gold rush.”

After watching Informix grow from a hundred million to a billion dollars in sales, Martin witnessed key missteps by White that resulted in the company’s “complete collapse — culturally, ethically and financially.” Martin’s first-hand account of these events expertly weaves together a history of the database industry, an analysis of the lessons learned from Informix’s successes and failures, the legal and accounting issues behind the company’s massive revenue restatement and White’s securities fraud conviction, as well as a portrait of a leader he labels “the greatest salesperson I have ever seen.”

It should be noted that Martin’s discussions of the software industry and its products can be a bit technical for the uninitiated reader. However, those details are critical to a genuine understanding of how Informix was able to overtake its rivals and challenge industry leader Oracle in the highly competitive database market.

While Martin’s “lessons” are directed primarily toward the executive, they are also instructive for any lawyer advising corporate America. Particular-

ly useful are his discussions regarding the incentives driving (now commonplace) revenue restatements, the “better person theory” underlying Informix’s successful sales model, the ability of companies to create their own “tipping points,” the destructive effect of a poorly executed acquisition, and the capacity of a powerful CEO to obscure the truth about costly errors in judgment.

Martin’s insights into the psyche of the CEO are also valuable (albeit, at times, somewhat disconcerting). The book’s final chapter consists of an interview that Martin conducted with White immediately prior to his incarceration. While acknowledging some of his strategic mistakes, White nonetheless states, “[u]ltimately, I still believe I didn’t do anything wrong. . . . All I was trying to do was protect the company.”

According to Martin, maybe the most important lesson learned is that history repeats itself. In his closing remarks, he offers this observation:

most business leaders . . . are good people with consciences . . . . However, the difference between greatness and infamy has never been smaller for today’s business leaders. Under the business climate of Sarbanes-Oxley, officers risk losing not only their careers but also their freedom, every time they sign off on their company’s numbers.

If nothing else, this book should encourage both the executives who would lead America’s public companies, and the lawyers who would represent such companies, to remain ever vigilant. **blt**

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Burt is a senior associate at Snell & Wilmer L.L.P., in Phoenix. His e-mail is [bburt@swlaw.com](mailto:bburt@swlaw.com).