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## Sears Interim' CEO Continues to Mark Time

*W. Bruce Johnson, More Than Two Years in a Temporary Job, Will Join Board, but Limbo Leaves Investors Wondering*

By MIGUEL BUSTILLO And JOANN S. LUBLIN

More than two years after [Sears Holdings Corp.](#) named him interim chief executive, W. Bruce Johnson still occupies that role, the longest current temporary tenure for the head of a publicly traded U.S. company.

Sears, at its annual meeting Tuesday, is putting Mr. Johnson up for a board seat and has bumped up his base salary to \$1 million from \$850,000. But 27 months after the board ousted CEO Aylwin Lewis, the retailer still hasn't announced plans to name Mr. Johnson as its permanent chief, raising concerns among some investors.

"There's a leadership vacuum," said Michael P. McCauley, senior officer for investment programs and governance at the Florida State Board of Administration, which runs public-employee pension funds that own 171,000 Sears shares. "The fact that the CEO has been in the interim status for so long suggests there's a serious problem with succession planning."

Mr. Johnson, 58 years old, has been a stopgap chief for so long that he joked at Sears's annual meeting last year that even his children had taken to calling him "interim." According to research firm Equilar Inc., Mr. Johnson has had that title longer than any other boss at a public firm.

Sears said its board has full confidence in Mr. Johnson but declined to make him available for an interview. The Hoffman Estates, Ill., company said stock-price gains show the market isn't worried about leadership. The shares have nearly doubled in the past year, and the company has notched stronger sales in recent months.

"While having a CEO in an interim capacity is not ideal, one has to consider the specific facts and circumstances," the company said. "Arbitrary time frames may have some merit, but often they do not."

Mr. Johnson's extended limbo reflects the unusual balance of power at Sears Holdings under Chairman [Edward S. Lampert](#), who created the company in 2005 by combining Sears and Kmart and controls roughly 57% of its shares through his ESL Investments Inc. hedge fund.

Mr. Lampert has courted a number of executives to head the company in recent years, according to industry recruiters and executives contacted about the job. He has yet to find a leader to his liking and takes a heavy hand in running Sears Holdings, according to more than a half-dozen current and former executives. They report that Mr. Lampert makes all strategic decisions and regularly participates in run-of-the-mill executive meetings via videoconference from his offices in Greenwich, Conn.

"In situations where there is a control shareholder, it is critical that companies have a strong CEO at the helm," said Olayinka Fadahunsi, a spokesman for New York State Comptroller Thomas P. DiNapoli, who manages the state's Common Retirement Fund. It owned 213,759 Sears shares as of March 31. "A two-plus-year search process is much longer than outside shareholders would like." A spokesman said Mr. Lampert wouldn't comment.

Some institutional investors worry that the company's failure to settle on a permanent chief executive could affect its ability to attract and retain other executives. The company has gone through five permanent or interim chief financial officers since 2005. In addition, Richard Gerstein, the company's senior vice president for marketing, has resigned effective May 7. His predecessor, Maureen McGuire, resigned in 2008 after fewer than three years in the job.

Before being named interim CEO, Mr. Johnson oversaw Sears's store operations and was considered adept at managing supply chains—skills that Mr. Lampert lacks as a financier with no experience running a retailer.

Trained as a lawyer, Mr. Johnson spent 16 years in information-technology management at [Colgate-Palmolive Co.](#) before moving to French retail giant [Carrefour SA](#) in 1998.

Colleagues said he relishes the challenge of turning around Sears's storied brand and takes home briefcases bursting with documents every evening. He returns to work between six and 6:30 every morning, and runs and lifts weights with rank-and-file employees at a ground-level exercise facility that overlooks a pond filled with swans.

"He's just like a good soldier. When he's told to go left, he goes left," a Johnson acquaintance observed. "He's doing everything he can to make it successful."

There have been cases of company founders or board chairmen serving as interim chiefs for long periods. [Apple Inc.](#) CEO [Steve Jobs](#) retook the helm of the company he co-founded on a temporary basis in 1997 before declaring in 2000 that he was staying on for good.

Eleanor Bloxham, the head of Corporate Governance Alliance, a Columbus, Ohio, consultancy, said the Sears interim-CEO situation sends "a very confused signal both internally and externally" about the company's direction and ultimately shows disrespect for Mr. Johnson.

"No one should have to be a stand-in for 2.5 years," Ms. Bloxham said in an email.

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