



Book Mike Bloomberg

Money, Power, Politics

Joyce Purnick
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Recommendation

Mike Bloomberg’s story ranks as one of modern business and political history’s most inspiring and instructive tales. Take an average, middle-class man with uncommon vigor. Then, imbue him with the discipline and confidence to take maximum advantage of the great opportunities he encountered in college, Wall Street and, eventually, the electrified world of New York City politics. *New York Times* reporter Joyce Purnick’s fluid writing style makes this portrait of an ethical, tough, innovative leader flow seamlessly, so readers can easily enjoy and absorb its themes and stories. *BooksInShort* recommends her breezy, deft, comprehensive presentation of Bloomberg’s uplifting life story to executives, political strategists and aspiring leaders.

Take-Aways

- In 1966, Mike Bloomberg, then 23, became the first M.B.A. ever to be hired by Salomon Brothers.
- When Salomon fired Bloomberg in 1981, he used his \$10 million severance payment to start a new firm.
- His company revolutionized the investment technology business by using PCs that combined trading, analytics and data in a single leased unit.
- Bloomberg entered politics in 2001 when he ran for mayor of New York City and won.
- He built political connections by donating millions to charities, mostly in New York.
- By 2008, Bloomberg’s company employed 10,500 people working in 63 countries.
- He donated \$235 million to charity that year, perhaps making him the nation’s largest single donor. By 2009, he had donated \$500 million to Johns Hopkins University.
- He persuaded the City Council to alter term limit regulations so he could run for a third term as mayor, which he won.
- Bloomberg’s personal net worth is an estimated \$20 billion.
- He is disciplined, competitive, focused on self-improvement and famed for his large ego.

Summary

The Unlikely Mayor

Michael R. Bloomberg was born in Medford, Massachusetts, near Boston, into a middle-class Jewish family. His father, William, a corporate accountant, met his mother, Charlotte, an auditor, when they both worked for a large dairy company. William was doting and permissive, so Charlotte played a larger role in disciplining their son. Years later she recalled Mike as an organized, determined and headstrong kid. His high school classmates considered him nerdy, given that he was a debate club member and president of the Slide Rule Club. He became an Eagle Scout a year younger than the minimum required age. Today, classmates remember him as

brag and reserved, but independent. Bloomberg says he learned his forthright, unvarnished style from his mother who told him and his sister, Marjorie, to “persevere in the face of adversity” and not to let trouble derail their plans. Accept negative events and get on with your life, she would say.

New York mayor Michael “Bloomberg built himself a life that even a novelist would have trouble imagining, one that would eventually allow him to do almost anything he wanted.”

Bloomberg did not become a serious student until after his father died at age 57 in 1963, making Mike the head of the family. A Johns Hopkins University junior at the time, Bloomberg soon became a more focused scholar. He graduated with an engineering degree and went to Harvard Business School. After earning his M.B.A., Bloomberg considered real estate and engineering, but on a friend’s advice, he went for an interview at Salomon Brothers & Hutzler, then a “little bond trading firm.” In 1966, at age 23, he became the first M.B.A. that Salomon ever hired. Bloomberg excelled in the atmosphere of the bare-knuckled trading firm, which was known as a “meritocracy” that promoted successful traders. Within a year, he moved into the securities trading unit. By 1973, he was the leader of the “equities desk,” a Salomon general partner and a wealthy man. After 13 years, office politics forced Bloomberg out of his trading position. Salomon transferred him to its less prestigious “information services” or technical support department.

“The inhabitants of Bloomberg’s World see themselves as apolitical and altruistic, virtuous even when they employ the rough tactics of conventional politicians, because they are serving only the public interest.”

This was clearly a demotion, but Bloomberg – by then married and a father – said he never considered resigning. Instead, he turned the insult into an opportunity. He noted the emerging importance of the new desktop computer and he focused on ways that he could make Salomon’s dinosaur computers, called Quotrons, more advanced and interactive. He soon developed extra pages for the Quotron, enabling it to calculate the effects of hypothetical changes in interest rates and bond prices. While this addition became the prototype for the future Bloomberg business terminal, at the time Salomon relied on huge IBM mainframes, forcing traders to request programming time to make needed investment calculations. Bloomberg’s push for more desktop computers upset senior management, but he argued that more PCs would increase the efficiency of traders and the entire company.

“Mike Bloomberg was one difficult kid in school, his performance lackluster, his conduct minor-league disruptive.”

Bloomberg suffered a rude awakening in 1981 when the Phibro Corporation, a trading firm, bought Salomon. While other partners received huge payouts, Bloomberg and five other general partners were fired. He left the firm with about \$10 million (twice the amount he would have received if he had resigned before the buyout, which he had considered).

Changing the Game

Using his severance money, Bloomberg launched Innovative Market Systems (now called Bloomberg L.P.) to lease smart PC-based terminals – basically expansions of the machine he developed at Salomon – to subscribers for less than \$1,000 a month. The revolutionary machines popularized and democratized electronic trading, and provided instant financial data. By 2009, the company had 10,500 employees working in 63 countries to support its trading terminals and its 280,000 worldwide “subscribers” who paid an average of \$1,590 a month.

“The company was built off of Mike Bloomberg’s ego, which is very big.” (Wall Street executive Douglas Taylor)

The comprehensive, interactive terminals, soon called “Bloombergs,” trounced their competitors from Dow Jones and Reuters. Bloomberg “reinvented the field,” says *New York Times* columnist Floyd Norris. The revolutionary machines created a trading sensation by linking computer technology and trading. He innovatively integrated bond and stock data, news, 24-hour technical support, trading and investment analytics. His attractive machines proved invaluable to traders when then-Federal Reserve chair Paul Volker allowed interest rates to float more freely. This made bonds more volatile, giving traders a critical need for bond-specific data.

“Bloomberg’s advantage was not only a matter of timing – he had gotten out ahead of everyone – but of culture and temperament.”

Bloomberg leased his machines to clients in a complete package with databases and extra features; the company never unbundled the elements in its set-up or sold its machines. As an expensive, premium product, it created an elite brand. The successful firm continued to grow. By 1997, *Forbes* magazine estimated Bloomberg’s net worth at \$1.3 billion. (By 2008, this figure skyrocketed to more than \$20 billion. Calculating its exact value is difficult since he keeps his company privately held.) As his company expanded and prospered in the 1990s – when Bloomberg L.P. spawned Bloomberg News, Bloomberg Radio, Bloomberg TV, Bloomberg Personal (a rare failure) and the monthly magazine *Bloomberg Markets* – he decided to change careers. In 1997, Mike Bloomberg told friends he was considering a move into politics.

The Billionaire Underdog

In characteristic style, Bloomberg went after the prize he sought, but he faced many challenges. Newly divorced, he was not part of the Manhattan social circuit, which provided access to the upper strata of power and culture. To start his political ascent, he met with prominent women, like Barbara Walters and Beverly Sills, and soon joined the boards of the New York Public Library, the Metropolitan Museum of Art, Lincoln Center and the Central Parks Conservancy. He donated \$100 million to charities, primarily in New York. In June 2001, the man who had never held public office and who had distanced himself from Gotham’s Gordian knot of political, ethnic and racial groups, formally announced that he was the Republican candidate for mayor.

“He created sort of a walled garden, with his I-am-all-you need philosophy. He came to the market with an idea that one terminal could provide all the data you could need, allow you to analyze it on one screen, so one trader could look at a variety of different markets.”

Bloomberg was an unlikely candidate. He was an insensitive, politically incorrect man who spoke his mind. He was naive about his very troubled metropolis (though he soon “hired an army of consultants and tutors”), unknown to its electorate and a Republican outsider in a Democratic city. Despite his wealth, most New Yorkers had never heard of him and worse, he was an unremarkable speaker. His opponents, especially Democrat Mark Green, were experienced, popular public figures and veteran campaigners. The Democratic Party primary was set for September 11, 2001, when terrorist attacks paralyzed the city and froze the campaign. By the date of

he rescheduled primary on September 25, Green held a large lead in the polls. However, party infighting, Green’s perceived arrogance and a growing sense that New York needed a business executive to help it rebuild pushed Bloomberg ahead. It also did not hurt that he spent \$74 million on the campaign (plus his charitable contributions). On Election Day in 2001, Bloomberg’s long shot paid off. He beat Green by a scant 35,539 of the more than 1.5 million votes cast.

The Mogul Mayor

As an entrepreneur, Bloomberg moved quickly when he became mayor. He pushed to revitalize the public health system, to renovate dilapidated neighborhoods and to make the police more responsive. He advocated transparency at City Hall and disregarded patronage. But the citizens did not grow to love him. Breaking a campaign promise, he raised property taxes. By 2002, 46% of New Yorkers disapproved of his actions. In 2003, he closed six fire stations and his approval rating fell to 24%. But his support inside City Hall was very high. He did not micromanage, and his department heads had final authority. He neglected lobbyists and made decisions based on a proposal’s merits. He was loyal to his appointees. He named two family members (his daughter and sister) to City Hall positions at \$1-per-year salaries, while he wrangled concessions from the powerful teacher’s union and boosted the confidence of small-business owners.

“New Yorkers knew little about the inner workings of Bloomberg’s government, or much else about it.”

Then, Bloomberg focused on bringing the 2012 Olympics to New York, mustering a Herculean effort to gain the backing of state legislators and apathetic New Yorkers. Problems emerged. Bloomberg and deputy mayor, Daniel Doctoroff, a former Bloomberg L.P. executive, failed to get a consensus of key New York groups about building an Olympic stadium on Manhattan’s West side. When the plan arrived in Albany, Democratic powerbrokers derailed a key vote and the plan died. The 2012 Olympics went to London. The Olympic bid had become a political albatross that Bloomberg was glad to shed so he could focus on his 2005 re-election campaign against Fernando Ferrer, a weak Democrat. Ferrer’s half-hearted campaign never gained traction, yet Bloomberg still spent \$85 million of his own money in the campaign, about \$100 per voter – and \$10 million more than he had spent in 2001.

“Bloomberg’s Zelig-like ability to fit in, to make himself part of a new universe, is evident throughout his adult life.”

The mayor then undertook his toughest challenges: making New York eco-friendly, limiting Manhattan car traffic, taking on school reform and tackling gun dealers. These efforts earned national attention. His timing was perfect for the 2008 presidential race, but no one knew if he wanted to be a candidate. And, if so, which political party would take him? Bloomberg had switched from being an early Democrat to being a Republican and, in June 2007, he became an independent. Abruptly, the mayor had become a presidential mystery man. As an independent, Bloomberg had a chance, if Democratic candidate Barack Obama failed to attract independents, who were Bloomberg’s targeted audience. But Obama’s surprise caucus victory in early January 2008 deflated Bloomberg’s nascent campaign. Republican candidate John McCain ended the mayor’s bid when he appealed to independents for their support.

King Bloomberg

In 2009, after eight years as mayor, Bloomberg became restless and cranky as he pursued a third term. New York had a two-year mayoral term-limit law that it would have to change to allow Bloomberg to run again. This looked as if it would require a complex referendum where Bloomberg would have to reverse his support of term limits. It was a tug of war. Close friends said he now resembled the average, deal-making politico, someone Bloomberg had vowed never to become. In the process, he was violating his own ethical standards. While business associates encouraged him to run, close political aides publicly urged Bloomberg to step down.

“Every setback became a platform for a new initiative, a springboard to a new adventure.”

But when major New York financial institutions failed in 2008, threatening Wall Street’s immense contribution to the local economy, Bloomberg saw the crisis as an opportunity. The looming recession gave him the excuse to advocate revoking the eight-year term limit statute, so he could guide the city through another term as mayor and restore its financial stability. Backed by the major newspapers, Bloomberg avoided a public vote on changing the popular term-limit cap by getting the docile City Council to approve the change. The ploy evaded contentious public debate, though outraged citizens decried “King Bloomberg.” The \$85-\$100 million Bloomberg spent on his re-election campaign guaranteed that he would serve a third term.

The Money Enigma

While wealth is a powerful hammer in Bloomberg’s hands, his attitude toward money is more obscure. In 2008, he personally owned 92% of the \$22.5-billion (2008 valuation) communication company that bears his name. Estimates put his present net worth at \$23 billion. He may be the largest single charitable donor in the U.S., having given away \$235 million in 2008. By 2009, he had donated a cumulative \$500 million to Johns Hopkins, primarily to fund public health causes.

“He is not warm, beloved or glib in a profession that demands all three.”

People close to Bloomberg say he is goal-oriented, disciplined and competitive. He has a large ego and focuses on self-improvement. He succeeded in business and politics by valuing new ideas, taking risks, and skillfully using his fortune to forge and buttress new relationships. Even as a young man, he was in constant motion. As an executive and a politician, he used private and public social gatherings to build connections. To enter New York politics, he became a Manhattan social whirlwind, but once elected, he became more selective. In his view of loyalty, you were either in his circle or out of it. He saw employees who left his company as traitors. As mayor, he has a close circle of dedicated, long-time friends whom he rewards handsomely for their services. He exercises immense self-control to separate his personal life from his public role. The mayor’s key trait is adaptability. In his personal and professional life, he shows a keen ability to assess situations and strategize to seize control, even over New York City, three times in a row.

About the Author

New York Times reporter **Joyce Purnick** wrote the paper’s award-winning, Metro Matters column for 10 years. She joined the paper in 1979, after stints at the *New York Post* and *New York* magazine, becoming the first woman to head the *Times*’ City Hall bureau and its Metro department. She has, so far, covered six mayors of New York.

