CHAPTER 5

The Widow Takes the Helm

Katharine Graham and The Washington Post Company

> Establishing and maintaining an unconventional [approach] requires . . . frequently appearing downright imprudent in the eyes of conventional wisdom.
> —*David Swensen, Chief Investment Officer, Yale University Endowment*

Katharine Graham's path to becoming chairman and CEO of The Washington Post Company was highly unusual. The daughter of prominent financier (and *Washington Post* owner) Eugene Meyer, she grew up in a privileged milieu of servants, boarding schools, country houses, and international travel. In 1940, she married Philip Graham, a brilliant Harvard-trained lawyer and protégé of Supreme Court justice Felix Frankfurter. Graham was tapped by Meyer in 1946 to run the company, which he would do with intermittent brilliance until his sudden death by suicide in 1963. After his tragic death, Katharine found herself thrust unexpectedly into the CEO role.

It is impossible to overstate Graham's unpreparedness for this position. At age forty-six, she was the mother of four and hadn't been regularly employed since the birth of her first child nearly twenty years before. With Phil's unexpected death, she suddenly found herself the only female chief executive of a *Fortune* 500–size company. Naturally shy, she was understandably terrified. This story, although remarkable, is well known (the best version by far being Graham's own Pulitzer Prize–winning autobiography, *Personal History*, published in 1997).

What's less well appreciated is what Graham did for her shareholders. From the time of the company's IPO in 1971 until she stepped down as chairman in 1993, the compound annual return to shareholders was a remarkable *22.3 percent*, dwarfing both the S&P (*7.4 percent*) and her peers (*12.4 percent*). A dollar invested at the IPO was worth *$89* by the time she retired, versus *$5* for the S&P and *$14* for her peer group. As figure 5-1 shows, she outperformed the S&P by *eighteenfold* and her peers by over *sixfold*. She was simply the best newspaper executive in the country during this twenty-two-year period by a very wide margin.

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When Graham assumed the presidency of The Washington Post Company on September 20, 1963 (only two months before