

A family farce

The Aussie newspaperman played a long, calm game of charm

Andrew Clark in New York
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It was a sad week, perhaps, for the Bancroft family - that paternal clan of old-time warriors who fought valiantly to maintain the independent integrity of the Wall Street Journal. Or did they?

A less sympathetic observer might suggest that the Bancrofts spent three months indulging in navel-gazing dithering over Rupert Murdoch's \$5.6bn offer for their family media vehicle before indulging in a venal lunge for cash at the flimsiest hint of an extra incentive.

Whatever you think of the Dirty Digger's politics, you've got to hand it to Murdoch - his handling of the Dow Jones battle has shown business brilliance and he has left the Bancrofts looking more dysfunctional than the House of Windsor.

When his \$60-a-share offer was initially rebuffed in April, the Aussie newspaperman played a long, calm game of charm. He met the Bancrofts, wooed them, dangled vague promises of independent editorial safeguards - but he refused to open his cheque book any wider.

There has been no shortage of emotional drama. According to [a report in the Journal](#) one influential family member, Jane Cox MacElree, made a tearful appeal to her relatives not to sell, citing the dedication of reporters such as Daniel Pearl - the journalist who was kidnapped and murdered in Pakistan four years ago. Mrs MacElree's daughter, Leslie Hill, brandished sheaves of letters from Journal staffers appealing to the family not to sell out.

Another relative, Christopher Bancroft, chose to turn up to a [crucial meeting](#) on the offer in a fishing cap bearing the legend "Bite me". Meanwhile, a Denver-based branch of the family made no pretence of the moral high ground and simply demanded more money, asking for a heady price of \$66 to \$72 a share.

It never amounted to a very convincing collective bargaining position - and like a parent waiting for a baby to cry itself to sleep, Murdoch simply waited for the Bancrofts to exhaust themselves with in-fighting. This week, opposition duly crumbled.

Joseph Astrachan, an expert in family business at [Kennesaw State University's family enterprise centre in Georgia](#) says the Bancrofts are a classic example of laissez-faire family owners who pay too little attention to the source of their millions.



Christopher Bancroft:
Photograph: Stephan
Savoia/AP

"What they needed was to have done a lot more work before the offer even came along," he says. "Family owners need to be meeting several times a year in order to build unity."

All the evidence, he says, suggests that the Bancrofts' disparate branches rarely communicated meaningfully - and that younger generations had scant connection with their forefathers' enterprise.

From Murdoch's point of view, Dr Astrachan says the situation was near perfect: "If you have an adversary in a state of disarray, it's easy to take advantage."

The premise given for the Bancrofts' eventual sell-out was almost comical. The family ran up a staggering bill of \$30m for professional advice on whether to sell their shares - of which \$18.5m is reportedly owed to Merrill Lynch.

These big-brained banking negotiators failed to get Murdoch to budge, securing no extra cash - except an agreement that News Corp would stump up for their own \$30m fees. Somebody is surely being taken for a ride there.

Steve Yount, president of [the Dow Jones employees' union](#) is unimpressed: "It's a bit like Murdoch coming and saying 'I'll give you a free ice cream on top of the \$5bn if you say yes'. It was a hot day and they wanted the ice cream."

The underlying reasons for individual changes of heart among the Bancrofts was probably far more personal than simply the \$30m, says Dr Astrachan, who says that the complex dynamics of close personal relationships eventually overwhelm.

"There will be some who thought 'if I don't switch, there will be people in my family who I care about who won't talk to me'," he says. "And as the arguments continue, there will be others who feel 'why not switch - because it's clear my family members don't care about me anyway'."

The upshot of the intriguing battle was an outbreak of journalistic self-examination in the pages of the Journal and in Murdoch's many outlets.

News Corp's notoriously conservative Fox television network has delivered blanket coverage of the Journal deal - with presenters, inevitably, treading on eggshells to avoid upsetting their boss.

This has prompted some peculiar exchanges - including [a surreal interview](#) between Fox's prime-time host Neil Cavuto and a former Wall Street Journal managing editor, Norman Pearlstine.

"Well, still lots of angst from rank-and-file reporters and a few Bancroft family members, we're told, that Rupert Murdoch will destroy an icon. A former managing editor of that icon, the Wall Street Journal, says relax - it ain't going to happen," said Cavuto, introducing his guest. "Norman, you probably know better than anyone what life will be like [for Journal staff] under Rupert Murdoch."

In deadpan style, Pearlstine responded: "No - not as well as you do, because you work for him."