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BOOK REVIEW

Bad Company: Private Equity and the Death of the American Dream by Megan Greenwell

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Megan Greenwell's Bad Company: Private Equity and the Death of the American Dream delivers a searing, personal, and deeply researched indictment of a business model that most Americans barely understand, but whose fingerprints are all over the decline of their local hospitals, grocery stores, newspapers, and housing. Greenwell, a former editor-in-chief of Deadspin, recounts her own experience under the control of a private equity (PE) firm before expanding her lens to explore how PE-driven takeovers impact ordinary Americans. The result is an urgent, accessible, and devastating exploration of the philosophy and incentives driving PE in the United States. This book is not merely timely, it is essential. As someone who has witnessed the collapse of a respected local hospital after it was taken over by Steward Health (a now-bankrupt, PE-backed hospital network), I found Greenwell's message disturbingly familiar. What happened to her newsroom happened to my community's emergency rooms. It is the same story—different names, same playbook.

The Heart of the Argument

Greenwell frames her analysis through the lens of four individuals affected by PE: a Toys 'R' Us employee who lost her retirement, a nurse working in a Steward-owned hospital, a journalist at a gutted newsroom, and a tenant navigating life in a dilapidated PE-owned apartment complex. These stories are not exceptions; they are representative. What ties them together is a recurring pattern: value extraction at the expense of quality, service, labor, and human dignity.

PE, she explains, is not about long-term value creation. Instead, it is about engineering short-term returns for investors, often through debt-fueled acquisitions, cost-cutting, asset stripping, and lucrative management fees. Greenwell calls out the structural design of PE firms: their insulation from downside risk, their access to favorable tax structures, and their lack of transparency or accountability to the communities and workers they impact. While Greenwell writes from the perspective of a journalist, her command of the financial architecture behind PE is impressive. She breaks down the 2-and-20 fee structure—a common PE compensation model where firms collect a 2% annual management fee on assets under management and take 20% of any profits earned—leveraged buyouts, and tax loopholes with clarity, using data and real-life examples to show how PE firms profit even when the businesses they acquire collapse. The book's tone is accessible without oversimplifying. While it is not a technical manual on financial modeling, it excels at translating complex systems into compelling human narratives, a necessary and underrepresented perspective in management education. In this way, she delivers both a critique and a public service.

An Analogy That Hits Home

While reading Bad Company, I was reminded of a housing analogy: the difference between a homeowner and a house flipper. A homeowner invests in what makes a place livable—sound wiring, quality plumbing, insulation, community. A flipper invests in cosmetic fixes and hopes the next buyer doesn't look too closely. In Greenwell's book, PE plays the role of the flipper. The company being acquired is the house, and the community that depends on it—whether a hospital, newspaper, or daycare—is left with the structural rot once the investors walk away with their profits. What separates this book from a mere polemic is Greenwell's insistence on connecting structure to consequence. She does not demonize profit-making, but instead interrogates the design of a financial system that rewards rapid monetization of assets over the well-being of workers, customers, and communities. She explores the way PE infiltrates institutions not only to profit but change how those institutions function, transforming public goods into extractive vehicles. Greenwell reveals, in painstaking and personal detail, how PE-backed firms can gut companies not only legally, but profitably. Even bankruptcy doesn't threaten their upside. Since debt sits on the acquired company's books, the PE firm's risk is limited. Meanwhile, employees and customers suffer from cut services, closed locations, and declining standards.

Lessons for Educators and Scholars

Stakeholder theory challenges the idea that maximizing shareholder wealth should be the sole purpose of a firm. Greenwell's book is a vivid case study of what happens when that single-minded focus displaces broader accountability. By ignoring the needs of employees, customers, and the communities in which they operate, PE-backed firms often undermine the very systems on which their own value depends. Bad Company calls on us to rethink what it means to lead responsibly, especially in sectors where the human cost of financial decisions can be irreversible. What makes Bad Company valuable for management faculty is its power to connect economic theory to human outcomes. Greenwell illustrates how Milton Friedman's shareholder primacy doctrine laid the groundwork for a business logic in which companies need not even survive to be considered "successful," as long as investors

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profit. This book offers rich teaching potential for courses in:

- Strategic Management (value creation vs. value extraction)
- Organizational Behavior (the human cost of leadership incentives)
- Business Ethics (shareholder primacy vs. stakeholder capitalism)
- Health Care Management (Steward Health as a case study)
- Financial Management (debt structuring and leveraged buyouts)

Greenwell's strength lies in her ability to weave investigative journalism with systemic critique. Faculty assigning this book will find it sparks conversation about the boundaries of ethical capitalism, the purpose of corporations, and the role of finance in shaping our institutions. The book can also be a resource for policy-oriented discussions. It surfaces regulatory blind spots, such as PE's limited disclosure requirements and political influence. Students of public policy or business law could use the text to discuss what forms of oversight might prevent extractive ownership models from decimating communities.

Final Thoughts

The phrase "I'm going to run this like a business" should give all of us pause. It deserves scrutiny, particularly when applied to sectors such as healthcare, education, or journalism, domains where a single-minded focus on profit may undermine broader public responsibilities. Some operations, including healthcare, education, and even local journalism, are indeed organizations, but not all organizations should be driven by a singular focus on profit. Greenwell's work reminds us that the logic of maximizing shareholder wealth, often taught as the primary goal in business schools, has real-world consequences when applied indiscriminately. This book was written, in large part, to challenge that ideology and expose how it plays out when institutions critical to the public good are treated like disposable assets.

Teaching Prompt for Classroom Discussion

Instructors might consider beginning discussion with the following questions: Should corporations exist to maximize shareholder value, or to serve a broader set of stakeholders, including employees, customers, and communities? What are the implications of each stance when financial actors control essential services like hospitals, housing, or news outlets? This prompt encourages students to reflect on the ethical dimensions of business models, and connects directly to real-world debates on the legitimacy and accountability of PE in modern capitalism.

Bad Company is not just about finance. It is about power without accountability, and the erosion of trust in the institutions we rely on daily. The message is clear: if everything is for sale, then so is our future. Greenwell's work stands as both a warning and a call to pay attention. For those who teach, study, or practice management in any domain, this is not a book to skim, it is one to teach.

References

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