



CEOS STRIVE TO STICK TO CHECKLIST

By Janet Haney

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CORPORATE AMERICA HAS CREATED OPTIONAL AND ACROSS-THE-BOARD CHECKS AND BALANCES TO PROTECT COMPANIES FROM DISHONEST ACTS CAUSED BY THEIR LEADERS

In a world inundated with news of corporate scandal, the lines between right and wrong often get blurred. Focus falls on the illegal activities of top executives, followed by the outcome of their court trials. Some chief executives, though, are taking accountability for the future of their companies, stakeholders and staff.

"It is understandable that employees and shareholders have lost faith in their corporate leaders, but we have to be mindful of the fact that corporate leaders who have engaged in unscrupulous behavior are really in the minority," comments Leslie Gaines-Ross, chief knowledge and research officer, Burson-Marsteller, a public relations and public affairs firm.

Gaines-Ross points out that as a result of recent disgraces, corporate America has created optional and across-the-board checks and balances to protect companies from dishonest acts caused by their leaders. Compliance with the Sarbanes-Oxley Act of 2002, which tightens the reigns on corporate governance and reporting obligations, is a hot topic in the halls of businesses across the United States. Other items on the checklist, according to Gaines-Ross, include growing the number of independent directors on boards, increasing openness to shareholder complaints, separating the role of chairman and CEO and implementing mandatory ethics courses, to name a few.

"With these checks and balances, employees and shareholders can rest assured that these measures will discourage, if not completely eliminate, dishonest behavior," she says.

Business Ethics magazine, for one, recently applauded good conduct at 100 companies. Its spring 2005 issue reveals the results of companies that were judged based upon total return to shareholders, community, governance, diversity, employees, environment, human rights and customers. Procter & Gamble Co., Intel Corp., Nuveen Instruments Inc., and Hewlett-Packard are among the ranking's top 10.

"The 100 Best Corporate Citizens List is designed to recognize Russell 1000 firms that perform to a higher standard, serving a variety of stakeholders with excellence and integrity," the article says. The Russell 1000 is comprised of a thousand U.S. large-cap companies.

Despite the praise, company executives can still learn from the mistakes of Enron, WorldCom, Martha Stewart, Tyco and others. As in most relationships, communication is key. Gaines-Ross says communicating with management teams and employees about the issues that got other executives into trouble is important.

"Gone are the days when CEOs could claim ignorance on the financial intricacies of their business," Gaines-Ross observes. "CEOs are the public face of their organization and are ultimately responsible for what goes on behind closed doors. A zero-tolerance rule is in place at many companies today."

