

Guest Editorial

Roy H. Koerner, Texaco (Ret.)



IS YOUR COMPANY RIGHT OR ENRON-G?

The Enron debate caused a devastating disservice to the Petroleum industry that will, most likely, overshadow the Valdez incident. All engaged in the business will pay dearly. It doesn't end there. Unfortunately, the ripple effect crosses over to other industries and associated service organizations. Already, a general distrust of business causes confusion in the market place and Wall Street volatility reflects the malaise. No doubt, endless hearings, analyses by experts plus opinions by the pundits will provide a plethora of reasons for and litanies of wrongdoing. Finger pointing and short memories currently underscore the irresistible feeding frenzy by those in want of media exposure. It will surely end up with punitive legislation and more governmental watchdogs armed with volumes of regulatory constraints. All because of greed and egomania by a few that affect the many.

The investigations will ferret out how the wrongdoing was committed and perhaps the identities of some of the perpetrators. I'm betting that the underlying reason remains obscure. So, the subsequent lawmaking and regulations cannot effectively address the problem. That will leave the craftier and greedier egoists of the future to find ways of circumventing the rules. Why? Because Enron failed for lack of a noble purpose, in my opinion. "Aha," say the hard charging executives that live and die by next quarter's economic performance... that is 'soft stuff' and has no place in the real business world." Those scoffers don't realize that they are paying for that attitude. It has been shown that companies with higher than normal ethical credos and who abide by them create substantially more value for investors than a general composite of companies (F. Aguilar, *Managing Corporate Ethics*, Oxford U. Press, 1994). But wait, Enron had a "Statement of Human Rights Principles" that included their Vision and Values. Some of it almost sounded like the golden rule, i.e., "At Enron, we treat others as we expect to be treated ourselves" (www.enron.com/). Did they take that seriously? Did they judge every business decision on that laudable statement? Rather, it appears their unwritten purpose was based on self-enrichment, self-aggrandizement and profit at any price. Imagine if Enron had stated something to the effect..." Our purpose is to provide energy to every person on our planet to meet their needs, that is safe to use and that is affordable to buy." Many likely, as I, naively thought that was their underlying intention.

Lest we get carried away finding fault with someone while they are down, let's examine our own companies and even ourselves. Some basic questions need addressing. Does our company have a credo, a statement of values, by which the company pledges to conduct their business? Does that credo describe the behavior expected from all employees including those at the highest ranks? Many, if not most companies do. Whether it is simply 'window dressing' is another matter. Does our company seriously abide by those criteria and make decisions on the basis of their provisions? Are employees judged and rewarded on the basis of how they carry out their duties in relation to the credo? Are those that bring untoward behavior to the attention of management (whistle blowers) looked upon as valued employees? Do we take actions that we would like our mothers to read about in the newspaper? My guess is that few of us could answer all in the affirmative. So, how do we get our company on the right track? The best way is for top management to declare that the way to do business and get ahead is by working and living the terms of the values statement. Management has to 'sell' the idea of a lofty purpose to the rank and file through personal example as well as by decree. Some call it 'walk the talk.' If we are not top management, it is more difficult. However, we can start to change our company

individually and with our team. Our words and actions communicate that we take the terms of the vision and values statement seriously. James C. Collins and Jerry I. Porras said..."We've seen subgroups in companies exert a great deal of pressure on the overall corporation by being role models from within." (*Built to Last*, HarperBusiness, 1994). What is there to lose to become an ethical and socially responsible company? Perhaps losing the specter of an Enron type meltdown! What's to gain? Perhaps achieving greater respect from customers, employees and investors and thus creating more business and earnings. Let's try it...it's the right thing to do.

For the Lord your God detests... anyone who deals dishonestly.
Deut. 25:16

Roy Koerner retired from Texaco where he held various positions in engineering and management. He was 1995 SPE president and 1998 AIME president. He currently chairs Colorado Ethics in Business Awards