

Encouraging Higher Ethical Standards

Integrity cannot be legislated at any price

by Bill Scheessele

In the last three years, many failures—and changes—have transpired in old guard industries, including the energy and financial sectors.

While the effectiveness of some of the post-Enron changes is questionable, on the whole they're positive. Firms are getting back to basics, shedding non-performing assets and business areas, and the Sarbanes-Oxley legislation that sought to improve corporate governance standards has brought about compliance.

But Sarbanes-Oxley compliance comes at a considerable price. According to Sen. Elizabeth Dole, a North Carolina Republican and a member of the Senate Banking Committee, "We must ensure that businesses and shareholders receive a benefit from this law that is commensurate with the burden it creates ... the cost of section 404 of Sarbanes-Oxley outweighs the benefits, placing American companies at a disadvantage in the global marketplace."

And Sarbanes-Oxley hasn't fostered long-term ethical choices either. It is evident that some of the underlying errors in thinking, responsibility and judgment still remain from the "new economy" mentality that tarnished the reputation of solid industries, or the resignations, indictments and guilty verdicts of corporate leaders would have slowed down by now.

Clearly, the ethics issue goes much more deeply into the character of a professional. Integrity cannot be legislated into adherence at any price.

Focus on valued employees

Rather than pushing the Wall Street mentality of "revenue and profit at all costs" that fostered off-balance sheet transactions and questionable sales practices, more than one energy company leader has achieved a major turn-around by focusing on the rock-solid commitment of valued employees.

In our experience, the more highly technical an industry, the better it is to encourage the technical professionals on staff to be at the forefront of developing business and growing the bottom line. That's true, in our opinion, because above all, technical professionals know what problems and issues need to be addressed for clients. The power industry, in its turn-around, took a major step forward by looking internally to its people, largely engineers and technical professionals with a higher set of standards guiding their actions.

After nearly three decades working in cutting-edge industries, we've discovered it is more efficient and effective to teach technical professionals to think like business people, than to expect sales people with traditional sales thinking to really understand the client's perspective and act

accordingly for the client's benefit. Engineers and scientists look externally to solve client problems; sales people look internally at making quotas.

In learning to think like a business person, an engineer can look at the business ramifications of a technical issue and think in an externally focused way from the client's point of view to find a solution to the problem. The notion that serving

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the client should be placed above profit is inherent in the engineering profession, as is the belief that in the long run, both can be achieved.

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By remaining true to the creed, this renewed focus on trust and integrity can—and is—rebuilding the power industry from the ground up, instead of running it into ground. Perhaps other industries in need of positive post-Enron change should consider adopting it as well. **ELP**

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