

RADICAL BUT NECESSARY

A new way forward.

BY JAMES E. LUKASZEWSKI

Am I the only one who has noticed that it takes catastrophe to force democracy forward: Black Friday; Pearl Harbor; 9/11; Hurricane Katrina; October 15, 2008? The incompetence, ignorance, and political paralysis of government, combined with the implacable gall of America's Greed Team—real estate, banking, Wall Street, insurance, and the commercial credit industry—has created a fragile but powerful epiphanal moment when real change in America's economic structure and destiny is possible.

We have a brief chance to recalibrate and reset crucial economic processes that will help us deter, detect, and prevent similar situations from occurring in the future. How will we capture this moment? I believe that what will catalyze the opportunity for change is America's growing revulsion toward Wall Street and the major economic and financial engines upon which we have relied for the last couple hundred years.

Since an outbreak of business and leadership integrity is highly unlikely, and President Obama's amorphous and nebulous quest for "change we can believe in" notwithstanding, Americans now realize that those in charge of our economic institutions (even the new ones) are the same folks who brought us this catastrophic mess in the first place, and they are simply incapable of getting us out. We need a new strategy, a new roadmap, that demands changes and radically departs from the failed old formulas and arrogant, greedy perpetrators of yesterday.

Let me make some simple, sensible, constructive, and positive recommendations for change that can be implemented quickly and could force a cataclysmic shift in how the United States does business while allowing Americans to have much more confidence in and control over who the titans are and how they operate.

And if you—yes, you, reading these words right now—are one of those titans who has helped or is helping to squander the public trust in any business sector, take these proposals as powerful signals and warnings or at least suggestions, but do pay attention. There are changes ahead for your role as a corporate leader.

First and foremost, financial industries need to become far better acquainted with words such as "oversight," "control," "regulation," "tough new laws," "rules," "restrictions," and "relentless accountability." Rule number one: If you take one dollar of government money, you must become 100 percent transparent to the American people. All of these big muckety-mucks need to begin begging Congress and the states for more oversight, regulation, and restrictions. The principal reason



for asking, even demanding, this level of intervention is that failure to do so means we are helping rather than preventing those in charge—the perpetrators who got us to this point—to do what they always do: train themselves on how to overcome whatever barriers are put in place and prepare to traumatize us again in a few years' time.

The answer is not only more regulation, though. A change in mindset is essential to help redirect the energies of our commercial activity to what I call "community-directed capitalism." Indeed, achieving significant change in commercial activity means fundamentally repositioning greed from its role as the primary motivator of business success. To re-paraphrase Ivan Boesky and Gordon Gekko, greed must come second.

Here are four potential realignments to consider that could alter the purpose of America's commercial culture and moderate, somewhat, the power of greed:

Re-prioritize the role of corporations and business enterprises in our society. Re-differentiate the types of businesses we will allow by basing their missions first on meeting society's needs and requirements. Business categories today are established mostly for tax-avoidance purposes. We have a federal tax law (about a million pages), mimicked by every state, that mostly authorizes various exceptions to paying taxes. Let's consider replacing the current structure with four new classes of business organization based first on public wants, needs, and goals. Ultimately, I am proposing that corporate social responsibility actually become operationally

The F Corporation: Family businesses, which would also benefit from incorporation and liability limitations, that could not become public. There would be more focus on perfecting family succession, and social and community participation and stability.

The Q Corporation: Publicly held businesses, which could never be taken over or subjected to the various kinds of competitive Wall Street pressures that the G corporations would have. The primary purpose of the Q corporation would be longevity, stability, and community benefit. Shareholder benefit would be the secondary purpose, and there would be extreme transparency with restrictions on executive compensation and corporate investments. Public benefit and societal need would be the driving forces of all decisions and compensation.

The T Corporation: These are tax-subsidized organizations. The nomenclature "nonprofit" needs to disappear. The term *nonprofit* is used to discredit and demean legitimate for-profit businesses—those that actually pay the way for tax-subsidized organizations. Today, "nonprofits" of any size run for-profit subsidiaries that compete directly with profit-making organizations. There are no public-needs tests to determine whether such organizations are even needed. Somehow the sector has stayed under the radar in discussions of economic reconstitution, but it is crucial to reevaluate its role in the economy—and to shine light on how these organizations actually function.

Prohibit esoteric financial transactions. Deal in real money. Eliminate or heavily regulate leveraging, hedging, and financial-packaging transactions—those that have been created to

Call me old-fashioned, but I believe the first obligation of American business and its investors is to bet on America's success. If one can make as much or more money betting on the country's failure as on its success, we are in for a long, long downturn, indeed.

meaningful and the primary objective and measure of business success. Greed would come in a lagging second.

The G Corporation: General businesses that would be private or publicly held, traded in public markets, and subject to the rules and laws of the marketplace. Although they would be far more transparent and heavily regulated than before, these businesses would remain competitive and fully taxable. By law, the priority of shareholder influence would be below national needs, state needs, and local needs—there would be executive-compensation restrictions and incentives to achieve public benefits, first. The charter of these businesses would include an obligation to society before any benefit for shareholders.

obsure where the real money is, where it is going, and even if the money really exists. This proscription includes destructive investing techniques such as short selling and blatant speculation, and strict scrutiny and regulation of any new investing technique or procedure, including economic impact analysis, prior to authorizing a new financial activity or method.

Construct a strong and unified independent regulatory institution and systems, run by knowledgeable, independent people who wield extraordinary powers to control and sanction the activities of the five perpetrators of economic catastrophe. This organization would be one that the rich, the arrogant, and the perpetrators would have reason to fear.

Return business schools to the control of businesspeople, and run them as professional schools rather than science-based institutions. Teach the public purposes for which businesses are created: that integrity is the highest goal of business leadership. Reduce or eliminate the obsessive emphasis on the notion that the only things that matter are the countable and measurable. The current philosophy and business strategy sets aside—or even denigrates—morality, humanity, integrity, and compassion as business-decision moderators and motivators. The purposes of these schools must be redefined and clarified, and the public-benefit philosophy strengthened. Changes like these will happen only through the legal reclassification and redefinition of corporate governance and operation.

The primary lesson in business has always been: “What gets compensated gets done.” Let’s pick higher and more noble and powerful directions and goals for U.S. economic activity and for those who will lead our companies, organizations, and public institutions. If we want to avoid future economic disasters, we must compensate and regulate those behaviors we believe will achieve publicly desirable outcomes. Call me old-fashioned, but I believe the first obligation of American business and its investors is to bet on America’s success. If one can make as much or more money betting on the country’s failure as on its success, we are in for a long, long downturn, indeed.

A word for our friends in Europe and Asia, whom we have infected with this virus of greed and amoral management decision-making. Rather than visiting America to “express doubts” about the quality of our debt and our economic resolve, then simply wait for the United States to recover so you can pick right up again, be warned: There will be a different America coming out of this situation. The game is on. Fix your own problems now. If America has to do it, there will be different rules and harsher penalties. If the fate of the Obama administration rides on fixing the economy, so does the fate of every premier, president, prime minister, and potentate.

Let the wailing begin! These ideas—and others like them—will be dismissed as “socialism.” They will be denigrated as sophomoric and uncompetitive. The more people whine, the more you know the ideas may have real merit. The most important lesson of all, however, is that if we allow those in charge to simply modify the old rules, they are being allowed to set the stage for the next financial debacle in approximately a decade.

Stay angry. Make revulsion toward the current situation count for change. America and Americans—you and your family—must come first. Let the all-bias, all-bull bloviators begin, bust a blood vessel, and break a vocal cord.

JAMES E. LUKASZEWSKI is a global business crisis consultant, author of *Why Should the Boss Listen to You? The Seven Disciplines of the Trusted Strategic Advisor*, and a contributor to this magazine since 1990. He can be reached via his website, at www.e911.com.

RELATIONSHIP OR SPAM?

BY JONATHAN KRANZ

Customers are quick learners. We’ve learned, for example, to ignore subscription renewal letters that come months in advance of our actual expiration date; from experience, we know that there’s no urgency—plenty of other letters will come in the next few months reminding us to renew.

That’s why I’m concerned about a prevailing abuse of the word (or concept) *relationship*. As a pretext for sending me overwhelming amounts of unsolicited e-mail, marketers tell me (in the fine print), that I’m receiving this cascade of irrelevant and irritating material because we have some kind of “relationship.”

Often, I cannot recall what that “relationship” is; when did I give permission for this volume of vacuous nonsense? It turns out that by purchasing a product, I’ve initiated a “relationship.” By downloading a free case study, I’ve initiated a “relationship.” By simply making a request for more information, again, I’ve initiated a “relationship.”

From my perspective, as a consumer, I’ve done no such thing. But from a marketing perspective (especially in the context of cumbersome Do Not Call laws), these are “relationship” opportunities we cannot afford to neglect.

Beware, my marketing colleagues, beware. (Cue howling sounds.) If we teach consumers/prospects/customers that every interaction with us will result in a barrage of unwanted communications, they will indeed learn. I’ve already begun to hesitate before responding to “free” e-book offers or even asking a question on a live chat forum. And I suspect millions of other consumers are responding (or will respond) similarly. Because we’re learning that every teeny, tiny peep on our part will result in a “relationship” with sales efforts as unwelcome as midnight stalkers.

Real relationships take time. Just because someone thanks you for holding the door open doesn’t mean you’re invited to pack your toothbrush and spend the night. As marketers, we need to be prudent. Don’t punish a modest indication of interest with a painful deluge of solicitations. If we do, we’ll be rewarded with swift kicks to our collective behinds.

JONATHAN KRANZ is a marketing-communications consultant and author of *Writing Copy for Dummies*. From the Marketing Profs Daily Fix blog, at www.mpdailyfix.com.



BY LAURIE RUETTIMANN

HR: YOU'RE DOING IT WRONG

Something to Tweet About



LAURIE RUETTIMANN is an HR professional based in Raleigh, N.C. She blogs at punkrockhr.com.

IF IT HASN'T ALREADY HAPPENED, be prepared for your VP of HR to walk into your office and encourage you to open a Twitter account.

You will roll your eyes. Everyone does. Then you'll lean in and ask, "What the hell is Twitter again?"

Twitter is an online community in which people can choose to read and send 140-character messages. Simple, right? All sorts of prominent folks are using Twitter, from Karl Rove to the CEO of Zappos, and they offer quick, punchy updates about anything they happen to be doing or thinking about—from politics to their daily trips to Starbucks.

I know you are skeptical about Twitter. Last year, the same VP convinced you to start a blog, which you tried to write but ultimately outsourced to your communications team. You also supported a Facebook page for employees, and you dumped some money into an application called Second

Life even though no one really told you how the site works and how it fits into your marketing and corporate-governance efforts.

You know that technology is important, but you are sick of jumping on the bandwagon and wasting time. Furthermore, a site like Twitter feels labor-intensive and faddish. No one has even tried convincing you that it's an effective way to reach investors and analysts.

Pshaw. You still don't get it, do you?



The personal and the professional masks we wear as leaders are merging into one, and the place where this is happening is Twitter.

The personal and the professional masks we wear as leaders are merging into one, and the place where this is happening is Twitter. Your customers and investors are using a new metric to evaluate your organization. That metric is *authenticity*. People love the intimacy of a simple and concise message, and the most successful examples of CEO and executive Twitterers are building an online community and expanding their brands using the most cost-effective and direct method known to humankind: their own voices.

Believe it or not, HR is at the forefront of the Twitter community. We are actively involved on many social-networking sites, and we were there long before your communications team and your PR consultants. We've been finding candidates, speaking to multiple audiences about your brands, and learning about your competitors on the Internet for years. We didn't need a meeting with a consultant to recognize that Twitter could be an important way to improve your com-

pany's daily business operations—we watched it happen at smarter and faster companies.

Some argue that there's a risk to communicating directly with the ambiguous, undefined public via your BlackBerry. The bigger risk in this new economy is your absence. Google and other search engines are indexing Twitter updates in their results. If you fail to define your employee brand and your company's brand on social-networking sites, and if you fail to tell your organization's story, someone will do it for you. Your presence—or your absence—on the major sites demonstrates your basic level of commitment to conducting business in a new way in the twenty-first century.

You can roll your eyes at Twitter, but don't miss the opportunity to speak to multiple audiences in a more authentic voice—regardless of your initial comfort level or gift for language or ability to type quickly with your thumbs. If you overlook the importance of a simple and elegant tool like Twitter, it means that you are probably overlooking bigger and more important trends in the economy. Who wants to do business with a company or a leader who doesn't get it and won't even try?

Press “1” To Eliminate Yourself Immediately as a Candidate

BY KRIS DUNN



Why do seemingly quality candidates insist on leaving inappropriate greetings on their voice mail? Do they understand recruiters like me might call their number and get voice mail?

I've been known to be hard on voice mail. If I am calling a candidate off a résumé and get voice mail, I treat it like a freebie. Good energy and kind of dynamic-sounding in your voice-mail greeting? Cool, I'm more interested than I was when I called. Sound depressed and seem like the whole thing takes too much energy? I'm out—you lost the opportunity. I rate your voice mail—if you are rated 5 or worse, you'll never hear from me again.

Just called a strong candidate back after a phone interview to set up a face-to-face session. Hadn't gotten her voice mail yet in the process. Got it this time—BAM!!! I'm treated to thirty seconds of a profane Notorious B.I.G. track before the innocent, professional voice I was expecting comes through over the track during the chorus. Professional position, \$50-60K job. Bye-bye.

It would be the same deal whether it was Marilyn Manson or Larry the Cable Guy. Market to me, the recruiter. Don't take risky chances with your brand when I call.

KRIS DUNN is VP of People at DAXKO, a software company serving U.S. membership-driven organizations. From his HR Capitalist blog, at www.hrcapitalist.com.

THEY'RE ALL LOOKING AT YOU

BY NICK MORGAN

People usually take *charisma* to mean that a person who has it is someone you can't take your eyes off of, someone who's really interesting.

Charisma is several things. First, there's awareness that others are looking at you. When you have that awareness, you hold yourself differently. Remember the way you felt the last time you were in front of an audience? That kind of heightened awareness is the trick to exuding charisma when you walk into a room. If you believe that people are looking at you, they probably are.

Second, and most important, it's expressiveness of a wide array of strong emotions. Think of an actor who exudes charisma. Jack Nicholson can go from laughter to rage to a terrifying loony scariness in a matter of seconds, and often does.

This is the hard part for most business leaders, who have been trained to keep their cool and not to display emotion.



And of course, part of leadership is tactfulness: knowing when to act in one way or another. Most leaders don't have the freedom of Jack Nicholson. Nonetheless, a range of appropriate emotions is an important part of charisma. And it's also a large part of what we think of as authenticity today. That's why organizations hire celebrities as spokespeople and put them in the rather ridiculous position of giving their opinions on everything

A range of appropriate emotions is an important part of charisma.

under the sun. We equate expressiveness with authenticity. Precisely because we're often unconscious of our emotions, when we see a lot of them coming from someone else, with some control nonetheless, we think they're authentic.

Third, it's an element of enjoyment in being the center of attention. The secret to good speechmaking is to enjoy yourself. Of course, that's easier said than done, but if you have no appetite for the limelight, you have no business in leadership today. The same is true of communications in general. Part of charisma is conveying zest at the game—a wink and a nod to show you're not taking it all too seriously. Pomposity is fatal to charisma.

And fourth, it's an ability to surprise us. We have no idea what charismatic people will do next. That's why we watch them. Remember Tom Cruise on Oprah's couch? You may have thought he was crazy, but you didn't take your eyes off of him. That's charisma, though he had to work pretty hard to get it. A leader wouldn't want to appear that crazy—but nonetheless would want to retain a little of that edginess that goes with the occasional surprise. The alternative is boredom.

NICK MORGAN is founder of Public Words Inc., a Boston-based communication consultancy. From *Trust Me: Four Steps to Authenticity and Charisma* (Jossey-Bass). ©2009

Free Markets, Free Women

BY BLYTHE J. McGARVIE



I have spent much of my career helping women to overcome cultural and self-imposed limitations in order to find fulfillment in business. Today, I am troubled by friends and colleagues who oppose globalization because of the potential deleterious effects it may have on women's rights. Nobody can be blind to the discrimination women encounter in education and employment in many cultures throughout the world. But I believe that globalization can help to combat this discrimination and that progress in recognizing women's rights can be made while still being open to and accepting of cultural differences.

As the authors of the International Labor Office's 2008 "Global Employment Trends for Women" wrote: "Decent work for women is also a precondition for economic development since, in the long run, economies cannot afford to ignore an untapped resource such as that which could be offered by female labour." Courageous leaders need to understand, both for the welfare of their businesses and the future of human rights in our world, the complex global landscape related to gender roles.

I recognize the privileges I enjoy with my economic and educational status compared to the situation in which I find many working women of other nations. When meeting and working with talented women in developed as well as emerging markets, I see only a small fraction of any nation's population of women. Many may not be allowed to work for pay or, if they are, do so at low wages in difficult working conditions with little support from the political system. Clearly, many organizations do not consider the loss of women's talent in

the workplace to be an issue. Yet as organizations extend their reach in this interconnected world, the hidden and unused talent of women may be a decisive factor in raising standards of living in countries that welcome economic progress but do not want changes in their cultural status quo.

Many advocates of women's rights say that boycotts may be more effective than complicity in promoting full economic and political rights to women and other minority groups. I disagree. I believe social changes will be an outcome of the benefits of the expanded marketplace. The ideology behind free markets is rooted in an appreciation of each individual, man or woman, as a free, rational, reasonable, and independ-

ent decision-maker, operating out of perceived self-interest in making economic choices. Market opportunities will encourage a greater acceptance of the ideology that underlies them. Cultural changes cannot be imposed by U.S. businesses or by laws from the U.S. government. But if market laws are truly universal, their acceptance should lead to a growing acceptance of their underlying premises. I have full confidence that the opening of markets through free enterprise will bring about radical changes in the rights of women.

In many countries, societal values teach women to stay at home and take care of the family. Women who seek employment outside of their homes are often forced to work in menial jobs and generally receive lower wages than men. However, the market demand for employees is encouraging even societies that reflect such values to educate women, allowing them to acquire skills that are highly desirable and command higher wages. The international community, led by UNESCO, contributed to this initiative by committing itself, through the Dakar Framework for Action, to eliminate gender disparities in primary and secondary education by 2005 and to create gender equality of access to education by 2015. By learning simple computer skills, or even by learning basic nursing or caretaking techniques, for example, a woman who might otherwise work for little or no pay in agriculture could find higher-paying work. More education often also means more mobility: The more skills a woman can acquire, the more freedom she has to pursue new opportunities away from her hometown. However, not all developed economies have embraced women as equal to men in the workplace.

I often use the story of a young Dutch female attorney I met in Paris in 1993 to paint a picture of this dynamic. When I asked my colleague why she chose to work in Paris as op-

posed to living closer to home, she patiently explained to me that the Netherlands was the last place she ever wanted to work because women in Dutch companies often were relegated to perfunctory roles. Historical precedents and cultural barriers helped to produce this environment. Dutch women never joined the workforce during the world wars, and current tax laws penalize families with more than one wage earner. Accordingly, there are fewer women per capita working in the Netherlands today than in Turkey, a largely Muslim nation run by a secular government that is increasingly encouraging women to participate in business. Courageous leaders need to understand why some nations support women in the workplace and others actively discourage it, in order to turn these disparities into opportunities, both in emerging markets and in the developed world.

Western countries can hardly be smug about their employment of women. There are only twelve women CEOs leading *Fortune* 500 companies. Women hold only 14.8 percent of all available board seats of those five hundred companies. But this shortcoming is by no means limited to the United States. Research conducted by Cass Business School on behalf of *Chief Executive Officer* magazine found that just sixteen out of 1,450 companies around the world were headed by a female CEO. In other words, there is much work still to be done. As depressing as those numbers seem, they are reality.

While I don't consider myself to be a radical feminist, I do think of myself as a radical *equalist*. Women are too often undervalued and underutilized, which adds up to countless lost economic opportunities.

BLYTHE J. MCGARVIE is CEO of Leadership for International Finance and a director of Accenture, Pepsi Bottling Group, The Travelers Cos., Viacom, and Wawa. From *Shaking the Globe: Courageous Decision-Making in a Changing World* (Wiley). ©2009

Call of the Wild

BY LYNDA RESNICK WITH FRANCIS WILKINSON

WE DON'T GET A LOT OF PEOPLE ENGAGING IN SHADY BEHAVIOR—although when we've encountered this, it's almost always been instigated by an employee who joined us from a public company. In other words, someone who was accustomed to answering Wall Street's call of the wild.

At one of our companies, we hired a young fellow straight out of an investment-banking firm to be our chief financial officer. He had a habit of making the financials look rosier than they actually were. We kept explaining to him that our company is privately held, that we needed to see a true picture in order to run our business, but the poor chap was so accustomed to manufacturing crooked numbers each quarter for "The Street" that he couldn't find his way back to the straight and narrow. If he had exhibited a drinking or substance-abuse problem, we could have sent him to rehab, but where do you send a recidivist hooked on funny financials? We had to let him go.

LYNDA RESNICK is co-owner of POM Wonderful, Teleflora, FIJI Water, and Paramount Farms. FRANCIS WILKINSON is executive editor of *The Week*. From *Rubies in the Orchard: How to Uncover the Hidden Gems in Your Business* (Doubleday). ©2009