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Executive Offices ■ P.O. Box 3003 ■ Blue Bell, PA 19422-0735 ■ (215) 628-3500

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Donald B. Crawford, President

THE STAND
BUSINESS ETHICS

Sounds like an oxymoron in this immoral day and age does it not?

Business, in so many corners, is more unethical than ever. Kenneth Lay and Jeffery Skilling, formally the two top executives (CEO and CFO) of the totally bankrupt ENRON, have been convicted of multiple counts of fraud among other things and may possibly spend the rest of their lives in jail. Other executives of large companies have already been convicted and are spending time in jail, and still others will be prosecuted in due course. Corruption, business unethics, runs rampant. Greed prevails, whether for money, power or ego. There is an incredible disconnect between such immoral leaders and the people, all of us who invest, work for or patronize the company which they operate as fiduciaries in our behalf. When those white collar criminals do the crime, they should surely do the time. In fact, time at its maximum!

Lay and Skilling, among others, destroyed Enron. The financial destruction was some \$62 billion. Enron was at one time the leading energy company in the world, and one of the most valuable companies in the world as well. Gone, utterly gone, down the drain. Stockholder loss was incredible, total! Perhaps even worse, some 5,500 people lost their jobs. Can you imagine the devastation on the lives of those workers and their families! The crimes committed by these two convicted criminals on the American public, the American economy and Wall Street were cruel, vicious and utterly inexcusable. Lay and Skilling can spend the rest of their lives in jail as a result of these crimes. I think they should. What do you think?

This type of conduct and conviction has gotten, finally, the attention of academia. Now come business schools like the Wharton School of the University of Pennsylvania announcing that ethics will be made "more of a priority" in future curricula. Drexel University's LeBow College of Business now requires that ethics be integrated into all courses. Better, I guess, later than never. In fact, the Wharton School was so convicted that it changed the name of its Department of Legal Studies to "The Department of Legal Studies and Business Ethics". In fact, a student can even earn a doctors degree in, of all things, BUSINESS ETHICS.

Those moves speak volumes. First, ethics have been ignored by them. Secondly, ethics has to be taught by them. Thirdly, the students there to learn business need to learn ethics as though it were possible previously to learn business without learning ethics. It seems that in so much of America, ethics need to be learned in the head, for the knowledge of right and wrong seems not to come from the heart. I really wonder whether or not schools of business can teach ethics and morality. Can any institution teach anyone to understand and much more importantly, believe in a practice the concepts of right from wrong, morality and ethics? I doubt it.

James M. Danko, Dean of the College of Commerce and Finance at Villanova University said:

“You can’t put the bottom line ahead of doing what’s right, and clearly that’s what happened at a place like Enron”.

Right he is, but wrong in practice. In American business, the bottom line rules. You simply have to make money, profit and more profit, and if you don’t, you need to know how to cook the books and do it better than Lay and Skilling did. Whether our business leaders and top executives really know the difference between right and wrong, much less care to practice it, the ethical is almost always suspended whenever profit demands require. Dishonest executives and people of business have gotten away with unethical conduct so often and for so long they are immune, indifferent to the demands of the public, including and especially the shareholders, to do things right. Danko is right, but business won’t listen!

Ralph Walkling, Executive Director of Drexel’s Center for Corporate Governance thinks students are now listening to the ethical message more than ever, even though the issues have been around forever. Walkling thinks that the matter is far more than compliance and regulation, that rules and regulations though necessary are by no means the answer. The unethical runs deep, leading Walkling to say:

“Business leaders are always confronted with situations in which it appears they can cut corners and make a few bucks more”.

How true. CUTTING CORNERS is a way of life in business. And it goes on, in the normal course of business without real moral check and balance until the unethical are caught cutting. Since the chances of getting caught are slim, the risk is worth it when there is so much money involved. Money, like power, corrupts and the more money, the greater the corruption. It is, for men like Lay and Skilling, the root of all evil. Making money is right, no matter how you make it in their warped moral (immoral) universe. May such people believe that the immoral, unethical conduct begins early and all such people begin by breaking smaller rules, get away with such immoral conduct, and find it easy to graduate to breaking the largest rules where the stakes are high. It is hard to teach the lessons from such conduct and perhaps just as hard to relate to such experiences. Once school however requires that students in their business ethics courses must meet and dialogue with real white collar criminals who have been to prison and who will describe what prison life is like. One they would like to be like might get a moral message through. Maybe. At least, even if the moral message does not register, the students will understand the consequences of UNETHICAL CONDUCT IN BUSINESS. The jail time involved for business crimes should get their attention or at least be a deterrent.

Business is so full of corner cutters. It seems as though people today in business, whether new or existing, lack the values, morals and ethics which they apply to their personal lives. They would never do unto family or friends as they would do unto shareholders! So many individuals entering the business world are prepared to do whatever is required to achieve their financial goals, whether by hook or by crook. The good thing about today’s business environment is that crooks are being caught, exposed and surveillance, check and balance and proactive oversight are exposing the crime and the crook. Juries, made up of shareholders, have had enough and it is off to jail they go, the Lays and Skillings of the world. And that is precisely where these criminals belong.

Ethics like faith is a matter of the heart. Morality is heart, not head. The Ten Commandments and dozens of other commandments about right and wrong are understood and respected by a core consciousness which exists deep in the genes. The natural man may never know or care about this morality. For the person of faith, such morality itself is natural. To do wrong is to know it is wrong. We have, I suppose, too many natural men and women in business, who know not and care not about morality. Every dollar spent or invested in business is at risk if it falls into the hands of that kind of immoral, unethical person.

So, I guess we go to work to try to resurrect ethics in business, teach it, provide new guidance and deterrents and simply hope for the day when it will not be necessary to join the words business and ethics. May the day come when ethics will be so much a part of business when what is right is natural in practice, that the whole world will assume that business and its practices, especially American business, is ethical to the core!

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