

THE MOUNT · VERNON · REPORT

"Issues Affecting Reputation Management and Strategic Communication"

Choosing the Path of Corporate Civility

Grant Thornton, LLP, the global accounting firm for middle-market companies, could have rubbed it in this summer when it carried off a series of raids to acquire several key offices, a dozen middle-market partners and more than 100 professionals from badly floundering former giant Arthur Andersen, LLP.

It was the perfect chance for Grant Thornton to say: "We knew our day would come." Instead, it chose to issue only a short and simple news release announcing the acquisitions with no highbrow quotes or flourishes.

TASER International, Inc., the "stun gun maker," had a similar opportunity when it dumped Andersen and chose Deloitte & Touche, LLP as its independent accountant.

Instead, like Grant Thornton, TASER played it straight, noting obliquely that the decision was made only "after careful consideration...as developments regarding Andersen external to the company have emerged."

These companies chose the path of civility – and arguably are the better for it and certainly no worse. Chest-beating or bitter recriminations might have made a better story, but to what end? By displaying common sense respect, Grant Thornton and TASER were able to let audiences know they were acting as reasonable stewards of their businesses without undermining important internal and external relationships.

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Civility
Reputation
Management

Civility and Reputation

Civility is spawned through close, orderly interaction with others. Without saying a word, your character can often be judged by anecdotal evidence. The old adage, "Clothes doth announce the man," has never been more true. When we take the time to carefully choose what we wear each day, how we look, what attitude we will take, we are sending two messages: I care about myself and I also care about others around me.

{SEE CIVILITY- PG 3}

Despite Uncivil Headlines, a Ray of Light Can Be Found

Leave it to the tobacco industry to provide an example of corporate boorishness.

In a report last year, the Philip Morris Companies, Inc. actually listed premature death as a "positive effect" of cigarette smoking. The report explained that cigarettes aren't a drag on the economy and the national budget, because the government saves money

on health care, pensions and housing when smokers die prematurely.

Philip Morris ultimately issued a public apology and admitted the report's conclusions were "inappropriate." But still, the blunder provides a staunch illustration of the sheer lack of civility among America's top enterprises.

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Unfortunately, examples of companies and CEOs acting “less than civilized” are plentiful:

* Most recently, Tyco International CEO Dennis Kozlowski padded his own pockets, while the company’s share price collapsed. Kozlowski dumped his company’s stock prior to its plunge, but assured investors and employees that everything was fine. Now investors hold stock that has lost most of its value.

* Less than a week before filing for bankruptcy, retailing giant Kmart gave a \$1.75 million “retention loan” to its CFO who had been on the job for two months, one of many loans given to executives totaling \$30 million. Two months later, the same CFO left, and the company announced 22,000 people would lose their jobs.

* Polaroid’s former chairman and CEO Gary T. DiCamillo was accused by former employees and company insiders of favoring management and directors with preferential pension treatment and generous payments and bonuses. Meanwhile, he dismantled benefits for retirees and employees. In addition, DiCamillo sought and won bankruptcy court approval to give himself and 40 top managers large bonuses, even as health insurance, severance payments, and some employee pensions were discontinued or drastically reduced. DiCamillo was further criticized when employees’ shares in a company stock plan were sold off without their permission after the firm declared bankruptcy. Workers had been forced to buy and hold the shares while their value declined from \$60 in 1997 to pennies in 2002.

Sadly, stories like these are all too common. Cases of corporate greed and disregard for employees, investors and the community are rampant.

But there is a ray of light in what sometimes seems to be a gloomy environment. In the wake of September 11, corporate America donated billions of dollars in time and resources to helping the families and victims of the terror attacks. Even prior to that tragic date, certain companies across the U.S. took civility, dignity and community involvement to heart.

* On December 11, 1995, three buildings of Malden Mills Industries’ fleece manufacturing facility in Lawrence, Mass. burned to the ground. Instead of laying off 1,800 employees and moving the factory to Mexico, Chairman and CEO Aaron Feuerstein gave his workers three months’ pay, and built a new plant on the same site. Today, Feuerstein is considered a local hero and is still fighting to keep his people employed.

* San Francisco-based clothing manufacturer Levi Strauss understands the importance of civility and community involvement. The company gives employees five hours of paid time off a month to work for nonprofits, and is open to flex time to give employees the chance to volunteer on regularly scheduled workdays.

“Three things in human life are important; the first is to be kind. The second is to be kind. And the third is to be kind.”

~ Henry James

* In the face of severe market tightening in 2001, beleaguered telecom giant Cisco Systems offered 6,000 employees a choice: Accept a traditional layoff package that meant cutting their ties to the company and receiving six months of severance pay; or stay on the company payroll for a year at one-third their salary, and go to work full-time for a nonprofit. This innovative cost cutting measure not only created goodwill for the company, but it also supplied an influx of top talent to the San Francisco community. And the displaced employees, referred to as “Cisco Fellows,” got to keep their health-care benefits and stock options – as well as their foot in the door for future jobs at the company.

In an age where the headlines seem to be dominated by stories of corporate greed and incivility, these three examples illustrate that it is possible for a company to remain a top competitor while still treating their employees, investors and the community-at-large with dignity, civility and respect.*

~John Lamontagne

{ CIVILITY- cont. from pg. 1 }

Our manners, our choice of words, our smile, our tone of voice, our gestures, eye contact, all embody our presence in the world. They become the outward manifestations of our personalities and character. Social graces are more than just niceties. They help bring order to chaos. They give us guidelines for acceptable behavior, establishing the common ground where society meets as equals.

Manners are a reflection of our upbringing and environment. They are the evidence of the company we keep, the role models we have followed – caring teachers, involved coaches, business mentors and, more often than not, the friends we choose. Manners and civil behavior reflect the norms of our culture and our society. They define what is acceptable and what is uncouth.

This issue of The Mt. Vernon Report focuses on the importance of civility in the corporate context – our desire as human beings to get along with one another, to help each other, to extend kindness. Civility is the key ingredient to a reputation. Without it, we are less than we can be. With it, we are greater beyond our self.

Good manners do not depend on wealth. Nor are bad manners or lack of civility ever to be considered politically correct. Our nation's founders were, above all else, gentlemen, while at the same time leading a nation of farmers and frontiersmen. The early immigrants often came to America with nothing, but quickly strived for a better place and station for their children.

Civility means putting the needs of others before your own. One of my favorite examples is the CEO of a major company who was short in stature but giant in character. Whenever he entered a roomful of people, he invariably sought out the person on the lowest rung of the corporate ladder. He made it a point to listen to that person, to learn what he or she was about and to introduce him or her to others in a way that was honest, friendly and never condescending. He always made it a point to remember names.

Did it matter? I think so. I was one of those people he met and I will never forget him. I also try to follow his example. So with this issue, we urge you to consider accepting the challenge of civility as a potential path to better business and a better society. Thank You.✦

~Peter Morrissey

The Many Ways You Express Thanks

In this ever-changing business world, opportunities circulate in and out. While it is important to provide superior service during any engagement, it is also important to acknowledge colleagues as relationships come to a close. Knowing how to say “Thank you” in words and deeds creates a culture of mutual respect and admiration that will be remembered long after a project is complete.

The following examples illustrate some different ways to express thanks. Some are unique and some are simple, yet all convey the same meanings of appreciation and gratitude.

Words:

- * “It has been a pleasure working with you.”
- * “We hope that our input and guidance was an important part of your success. We know that we have benefited from this relationship.”
- * “Thank you for the opportunity to work with you.”
- * “We have made great progress and could not have done it without you.”
- * “You have made this project both fun and interesting.”
- * “Thanks, I have learned a lot from working with you.”
- * A simple, yet tried and true: “Thank you.”

Gestures:

- * Send a handwritten thank you note to each individual. Share with them something that you remember that is unique to them.
- * Thank someone you are working with beforehand. Send along something that will be useful for the situation (from pens and notepads to chocolates and coffee.)
- * Create a personalized gift basket for out-of-towners – a “survival kit” of sorts – and have it waiting for them at their office or hotel. Fill it with local maps, dinner suggestions, and food-stuffs that will make their time spent away from home more enjoyable.
- * Someone having a rough day? Send an impromptu pick me up – a surprise lunch, penny candy, even cookies and milk!
- * Plan an event that everyone can participate in – a baseball game, casual picnic or a wrap-up dinner. Keep business talk to a minimum and enjoy.✦

~Margaret Brady

“Every action done in company ought to be done with some sign of respect to those that are present.”

~ George Washington

{ CHOOSING - cont. from pg. 1 }

Civility is a code of conduct in which otherwise common social interactions play out with a touch of class. Most often applied to interpersonal contact – saying “please” and “thank you,” holding doors open for others, stopping to let pedestrians cross a busy intersection – civility also can have a dramatic impact on an enterprise’s corporate reputation.

A recent survey by Public Agenda, a non-profit research group based in New York, found that eight in 10 Americans see a lack of courtesy – at work and in everyday life – as a serious problem. And, with headlines such as “Restoring Trust in Corporate America” (*BusinessWeek*) and “System Failure” (*Fortune*), there’s no time like the present for a company to consider what role civility has and should play in the way it is perceived by its key audiences.

During the first quarter of 2002 alone, the Securities & Exchange Commission launched more than five dozen accounting and financial reporting probes – more than double the entire total for all of 2001. And that doesn’t count the investigations opened by other federal regulators, states, municipalities and Congress. No industry, it seems, has been left untouched by the renewed interest in corporate behavior.

As *Fortune* put it: “Phony earnings, inflated revenues, conflicted Wall Street analysts, directors asleep at the switch: all are indicative of a systemic breakdown in corporate America. Nearly every known check on corporate behavior – moral, regulatory – seems to have fallen by the wayside, replaced by the stupendous greed that marked the end of the tech bubble. The result is a crisis of investor confidence, the likes of which hasn’t been seen since the Great Depression.”

The pillars of civility seem well suited for companies hoping to emerge better positioned from the current confluence of

investor anger, executive isolation, customer disaffection and media scrutiny.

P.M. Forni, co-founder of the Johns Hopkins Civility Project, identifies the most important facet of considerate social conduct as “paying attention to others.” For today’s company, that means seeking out, listening to, and when possible, responding promptly to what clients, partners, investors, employees and other stakeholders have to say about the way you do business. It’s a broad but important rule that can transform everything from the service delivered at a call center, the way a phone message is taken, or the amount of financial detail released during a quarterly conference call.

Forni also considers the ability to admit mistakes and acknowledge ignorance as two other important rules of civility because both convey respect and represent an acknowledgement of flaws as the first step toward self-directed, constructive improvement.

Equally as important, particularly for companies who truly believe themselves to be unfair targets of criticism, is the 17th of Forni’s 25 Rules of Considerate Conduct: “Assert Yourself.”

Being civil in the corporate world does not need to mean, “be a doormat.” With the proper balance of corporate leadership and communications counsel, it is entirely possible for a company that’s under the microscope to be polite and tough, respectful and rigorous, agreeable and aggressive.

Often, it’s not what you say but the way you say it that matters most. In the current atmosphere, ironically, a company’s route to gold may rely heavily on its ability to follow The Golden Rule.✦

~Ed Cafasso

The Civility Project

This issue of The Mt. Vernon Report was inspired partly by the work of P.M. Forni, who led the Johns Hopkins Civility Project in an effort to “assess the relevance of notions of civility, politeness, and manners in America today.” Dr. Forni recounted the lessons he learned on the project in his recently published

book *Choosing Civility – The Twenty-Five Rules of Considerate Conduct*. More information on Dr. Forni’s work in the field of civility can be found at <http://www.jhu.edu/civility/>.✦

~Megan Orendorf