

# **PRINCIPLES FOR A SUCCESSFUL BUSINESS**

## **BUSINESS ETHICS**

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**ETHICS IS ETHICS**

**DIFFERING SETS...**

***PROFESSIONAL***

***SPIRITUAL***

***FAMILY***

**THEY ALL GO TOGETHER**

### **# 1 WHAT HAPPENED TO BUSINESS ETHICS?**

**ENRON - Formed in 1985 from a merger of Houston Natural Gas and Internorth, Enron Corp. was the first nationwide natural gas pipeline network. Over time, the firm's business focus shifted from the regulated transportation of natural gas to unregulated energy trading markets. The guiding principle seems to have been that there was more money to be made in buying and selling financial contracts linked to the value of energy assets (and to other economic variables) than in actual ownership of physical assets. Until late 2001, nearly all observers – including professional Wall Street analysts – regarded this transformation as an outstanding success. Enron's reported annual revenues grew from under \$10 billion in the early 1990s to \$101 billion in 2000, ranking it seventh on the Fortune 500. The unraveling began in August 2001, when CEO Jeffrey Skilling resigned for undisclosed reasons. On October 16, Enron reported its first quarterly loss in 4 years, The role of a company's board of directors is to oversee corporate management to protect the interests of shareholders. However, in 1999 Enron's board waived conflict of interest rules to allow chief financial officer Andrew Fastow to create private partnerships to do business with the firm. These partnerships appear to have concealed debts and liabilities that would have had a significant impact on Enron's reported profits. Enron's collapse raises the issue of how to reinforce directors' capability and will to challenge questionable dealings by corporate managers. Summary: Jeffery Skilling-CEO was a visionary, developer, entrepreneur that did not like details and finance. He hired Andrew Fastow as chief financial officer who was a high risk, dishonest, wheeler and dealer. Accounting firm Arthur Anderson supported what Fastow was doing . Without checks and balances and honesty many investors lost everything they had.**

**# 2 ADELPHIA COMMUNICATIONS -The founding family members of Adelphia Communications used the cable company as a "personal piggy bank," driving it to financial collapse with greed, betrayal and lies, a federal prosecutor charged in closing arguments yesterday at their fraud trial.**

**"They were so greedy, took so much from Adelphia, that when the full extent of the lies and looting were revealed, it bankrupted the company," Chris Clark, an assistant United States attorney, told jurors in Federal District Court in Manhattan.**

**Mr. Clark said the Rigas family "lied to people's faces" while purchasing 17 company cars, building a golf course and buying country club memberships with the company's money.**

**John Rigas and two sons, Timothy and Michael, stole millions of dollars in Adelphia funds to buy stock and pay for personal extravagances**

One other defendant, Michael Mulcahey, a former assistant treasurer, testified on his own behalf against charges that he was involved in a fraud. Yesterday, Mr. Clark, detailing payments that he said were approved for the Rigases, referred to Mr. Mulcahey as "Michael (O.K. to Pay) Mulcahey."

Adelphia filed for Chapter 11 bankruptcy protection in June 2002 and put itself up for sale in April 2004.

**# 3 WORLDCOM - Business Ethics** is described as a form of applied ethics that examines ethical principles and moral or ethical problems that arise in the current business environment. In the case of WorldCom, a national company that began in 1983 and would provide long-distance telephone services. Financial reports were falsely created and improper accounting practices. Several of the former top financial executives pleaded guilty to securities fraud, however they defended themselves to say that they were forced to cover things up by other top officials.

The practices of questionable accounting practices effected Worldcom's investors the most. In the end, through the filing of bankruptcy and all of the other legal issues, it also affected the employees through layoffs and such. However, the investors were the ones who lost their money invested into the company. I think the main business ethical issue in the Worldcom case was the false reports and the idea that issues were held "secret" from the investors. It is morally wrong to withhold information from someone, especially someone who is investing so much money into something. Therefore the ethical issue that business decision makers lacked in this case what...

**TYCO - WASHINGTON** — The Supreme Court is refusing to hear an appeal from two former top executives of Tyco International that challenges their convictions for fraud and larceny involving more than \$100 million in bonuses.

The justices' action Monday ends the effort by Tyco's former CEO L. Dennis Kozlowski and former CFO Mark Swartz to overturn their convictions. They are serving prison terms of 8 1/3 to 25 years for taking unauthorized pay. Many were burned by Tyco International (**TYC**) when the stock collapsed after revelations its then-CEO and CFO had looted \$170 million.

**BERNARD MADOFF** - The exact details of how Madoff is alleged to have bamboozled some of the biggest names in the banking world remain unclear. However, the stellar returns that Madoff managed to deliver over decades now appeared to have been based on illusion. Instead of investment genius, what Madoff actually deployed was time-honoured Ponzi-scheme tactics - using new client investment money to pay existing customers.

As a former chairman of the Nasdaq stock market, Madoff was able to use his status as a Wall Street grandee to lure the great and the good of US society - including film director Steven Spielberg - into his venture. Their investments have now gone up in a smoke. Madoff last week told employees, including his sons, that his funds had burned through \$50 billion over a number of years, according to court documents. Prosecutors also said that Madoff admitted that his venture was 'just one big lie' and 'basically a giant Ponzi scheme' before his arrest last week.

Bernard Madoff and Maurice "Sonny" Cohn founded Cohmad in 1985. The firm and three of its employees, including Sonny Cohn, were charged with fraud by the Securities and Exchange Commission. Ponzi schemes are a type of illegal pyramid scheme named for Charles Ponzi, who duped thousands of New England residents into investing in a postage

stamp speculation scheme back in the 1920s. Ponzi promised a 40% return in just 90 days compared with 5% for bank savings accounts. Deluged with funds from investors,... All five examples involve fraud, greed, dishonesty, lying and lack of integrity. Thousands of people lost their life savings and jobs. Our values in life are acquired after birth. The adoption of business ethics is important. The solution is simple. Let Jesus Christ be Lord and CEO of your life.

**THE ETHICAL DELEMMA...**

**WE DO WHAT IS MOST CONVIENT  
WE DO WHAT WE MUST DO TO WIN  
WE RATIONALIZE OUR CHOICES WITH  
RELATIVISM**

**CURRENT MARKETPLACE SOLUTIONS**

**TEACH REMEDIAL ETHICS  
PERFORM AN ETHICAL FLEA DIP  
RELY ON THE LAW**

**THE GOLEN RULE**

**HOW WOULD I LIKE TO BE TREATED IN THIS  
SITUATION?  
AN INTEGRITY GUIDELINE THAT WILL WORK IN ANY AND EVERY  
SITUATION!**

**THE GOLEN RULE CROSSES MOST CULTURES**

**CHRISTIANITY, ZOROASTRIANISM, BUDDHISM,  
JUDAISM, BAHAI, HINDUISM, JARNISM, ISLAM,  
CONFUCIANISM, YORULA PROVERB (NIGERIA)**

**THERE ARE ONLY TWO IMPORTANT POINTS WHEN  
IT COMES TO ETHICS.**

- 1. THE FIRST IS A STANDARD TO FOLLOW.**
- 2. THE SECOND IS A WILL TO FOLLOW IT.**

**ETHICS IS ABOUT**

**HOW WE MEET THE CHALLENGE OF DOING THE  
RIGHT THING WHEN THAT WILL COST MORE  
THAN WE WANT TO PAY THE JOSEPHSON INSTITUTE  
OF ETHICS.**

**THE GOLDEN RULE IS...**

**ACCEPTED BY MOST PEOPLE**

**EASY TO UNDERSTAND  
A WIN-WIN PHILOSOPHY  
A COMPASS WHEN YOU NEED DIRECTIONS**

**HOW DO YOU WANT TO BE TREATED?**

**I WANT TO BE VALUED  
I WANT TO BE APPRECIATED  
I WANT TO BE TRUSTED  
I WANT TO BE RESPECTED  
I WANT TO BE UNDERSTOOD**

**CHARACTER COUNTS**

**CHARACTER IS MORE THAN TALK  
TALENT IS A GIFT – CHARACTER IS A CHOICE  
CHARACTER BRINGS LASTING SUCCESS TO PEOPLE  
PEOPLE CANNOT RISE ABOVE THE LIMITATIONS OF THEIR CHARACTER**

**CHARACTER COUNTS**

- 1. ADOPT THE GOLDEN RULE AS THE INTEGRITY GUIDELINE OF YOUR LIFE.**
- 2. MAKE YOUR DECISIONS BASED ON THIS INTEGRITY GUIDELINE.**
  - A. DECISIONS, NOT CONDITIONS DETERMINE YOUR ETHICS.**
  - B. WRONG DECISIONS LEAVE SCARS**
  - C. THE MORE PEOPLE INVOLVED, THE GREATER PRESSURE FOR CONFORMITY.**
  - D. INACTION IS ALSO A DECISION.**

**CHARACTER COUNTS**

- 3. MANAGE YOUR DECISION BASED ON THE INTEGRITY GUIDELINE.**
- 4. ASK OTHERS TO HOLD YOU ACCOUNTABLE FOR YOUR ACTIONS.**

**FIVE FACTORS THAT CAN TARNISH THE GOLDEN RULE**

- 1. PRESSURE**
  - A. AM I GOING TO MAKE RASH EMOTIONAL DECISIONS?**
  - B. AM I GOING TO COMPROMISE THE TRUTH?**
  - C. AM I GOING TO TAKE SHORTCUTS?**
  - D. AM I GOING TO KEEP MY COMMITMENTS?**
  - E. AM I GOING TO BOW TO OTHERS' OPINIONS?**
  - F. AM I GOING TO MAKE PROMISES I CAN'T KEEP?**

**FIVE FACTORS THAT CAN TARNISH THE GOLDEN RULE**

- 2. PLEASURE**
- 3. POWER**
  - A. THE RECEPTION OF POWER**
  - B. THE ABUSE OF POWER**
  - C. THE LOSS OF POWER**
- 4. PRIDE**

## **5. PRIORITIES**

### **ONE THING LEADS TO ANOTHER**

**KNOW YOUR WEAKNESSES**

**ALIGN YOUR PRIORITIES WITH YOUR VALUES**

**ADMIT WRONGDOING AND QUICKLY ASK  
FORGIVENESS**

### **ONE THING LEADS TO ANOTHER**

**TAKE EXTRA CARE WITH FINANCES**

**A. EARN YOUR MONEY**

**B. BE SCRUPULOUSLY HONEST**

**C. BE GRACIOUS**

**D. USE CREDIT WISELY AND SPARINGLY**

**PUT FAMILY AHEAD OF WORK  
PLACE HIGH VALUE ON PEOPLE**

### **DEVELOP THE MIDAS TOUCH**

**1. TREAT PEOPLE BETTER THAN THEY TREAT YOU**

**2. WALK THE SECOND MILE**

**3. HELP PEOPLE THAT CAN'T HELP YOU**

**4. DO RIGHT WHEN IT IS NATURAL TO DO WRONG**

**5. KEEP YOUR PROMISES EVEN WHEN IT HURTS**

**Seminar presented by Jerry Henderson, Eagle Safety Consultants, Inc.**

**BASED ON "THERE'S NO SUCH THING AS BUSINESS ETHICS BY: JOHN  
MAXWELL**