

Will Enron Failings Bring Business Reform?

By Todd Svanoe

CHASKA, Minn. (ABP) -- As a parade of former Enron executives defend themselves before a federal grand jury this month, a new era is emerging in American business, according to business leaders and consultants.

The Enron scandal represents a pendulum swing toward an era of business reform, says consultant Ken Jennings, who has worked with more than 25 Fortune 500 companies in the last six years. Basic values that many held sacred are being road-tested in office suites around the country.

But deep-rooted reform won't occur overnight, said Jennings, who helps companies build businesses that are above reproach. "Quick-fix solutions to ethical problems won't work for businesses that have an anything-for-the-bottom-line approach," he said.

"The theory is, if you see a cockroach in the kitchen, there are a whole lot more behind it," he explained. "In a business culture that is rotten at the core, there are things going wrong that you don't yet see."

Criminal charges have been brought against more than 30 Enron employees thus far, many of whom faked telephone calls and made imaginary stock trades, investigators say. How do you reform a business culture that rewards such deception?

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"You can't just take the anti-Enron pill," said business consultant Susan Van Vleet, who agrees with Jennings that business foundations need rebuilding. "A thousand things prop up a culture of immorality and greed, so no single change will turn it around."

Warped priorities become deeply entrenched, she said. "Business schools teach that only profits count. There is a belief that obscene stock options for CEOs and executives are the best way to attract talent. Current incentives support people cutting corners and cheating."



Consultant Ken Jennings (left) discusses new strategies for business hiring and operations with executives from Entegris, a leading microchip shipping company. (Photos by Todd Svanoe)

Even new and improved business ethics courses are failing, said Van Vleet. "Students' ethics scores actually decline while in many MBA programs."

"All of the sudden, we're in a moment of time in which the business world is throwing up its hands and listening for another model of leadership," said Jennings.

Jennings tried to answer that call last year with a book, *The Serving Leader* that steers businesses away from self-serving models. The first principle in creating a growing and sustainable work culture is simple, says Jennings. "Good people make good companies."

"Self-serving leaders create self-serving followers, and self-serving followers do only what they're told. They lack ingenuity and overall responsibility," said Jennings, whose consulting business is based near Detroit.

"Self-sacrificing leaders, on the other hand, serve their workers and see them as a precious resource. They are willing to divest themselves of power when necessary to remove barriers to their workers' success, unleashing workers' gifts or strengths. They're not threatened by their workers' promotions."

"Putting yourself first and pursuing profit at any cost produces a culture that takes short cuts," said Brad McMahan, director of human resources at Entegris Corp., headquartered in Chaska, Minn., where 50 upper-level managers are adopting Jennings' serving leader model. Personal integrity is good for the bottom line of any business, McMahan said.

That message, he said, comes through loud and clear in Jennings' book, a novelette similar to *Tuesdays with Morrie*.



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Co-authored with John Stahl-Wert and Ken Blanchard, *The Serving Leader* portrays a business-driven protagonist named Mike whose life is transformed when he is forced into a season of reflection while attending to his father in the late stages of cancer.

Mike meets his father's business associates at several teachable moments and, while visiting their workplaces, witnesses the impressive results of their "servant leadership." He contrasts this approach with the cutthroat world he knows.

These leaders are people-focused rather than power-focused. They are demanding yet compassionately devoted to their workers. They inspire workers with a higher purpose.

"The key," said McMahon, "is creating a business culture that motivates people to give their best, rather than just the bare minimum necessary to get by, a culture of short cuts. Jennings portrays a business culture in which people give discretionary effort, not because they have to, but because they want to. They go above and beyond without being asked to do it."

"The equation is good, talented people multiplied by a top-notch environment," said McMahon.

McMahon's business, Entegris, is an international semi-conductor packaging company that grosses over \$300 million annually. Already employing 1,800 people, the company wants to hire another 1,000 people in the coming decade. In

doing so, Entegris will be hiring people as much for who they are as for what they can do, said McMahon.

Placing human virtues such as goodness, faithfulness, and honesty alongside technical skills and competence makes sense for Entegris and other employers, Jennings said. "If you hire people just for their functional skills, like accounting or strategic planning, and not for their underlying integrity, you're inviting problems," he said.

McMahon, who has been hiring for 28 years, agreed. "Research supports this trend," he said, citing figures from Harvard, Gallup and the Hay Group. "It is easier to find people with business

acumen and leadership gifts. But now we're looking for a third dimension, people who have values and character."

Entegris board chairman Stan Geyer goes even further. "It used to be that businesses measured IQ. Then human resources departments were supposed to measure prospective employees' EQ or emotional quotient," he said.

"Now we're seeing the importance of a person's SQ or spiritual quotient. You have to bring all three of those parts of who you are to the workplace or you're really missing something.

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In this hiring milieu, talented and moral people have a natural advantage, said Jennings. "Many people of faith, for example, are used to serving beyond self-interest and following a wisdom



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outside of themselves," he explained.

Religious people don't need to use the workplace as a platform for preaching, said Jennings. "We're talking about the witness of good, honest work."

"We're not looking for a statement of beliefs," added Geyer.

"We're looking for behaviors that demonstrate character, demonstrate trustworthiness, demonstrate creativity and the need for improvement. Anyone can say what they believe. But we're looking for good people who engaged in good business. People with spiritual focus are more likely to be fruitfully engaged."