Index

Adelphia Communications, xvii, 5
executive pay issues and, 151
stigmatization, 155
AFL-CIO, 259, 261
Alger, 132
Allfirst Financial, 272, 274, 275–276
Allied Chemical and Cummins Engine Company, 145
Amalgamated Bank of New York, 255
American Airlines, 35
American Express, 253–254
Anderson, Fred, 241
AOL Time-Warner, xv, 160, 168
Apple Computers, 162, 241–244, 249
Aroskog, Rand, 159
Array Processing Language (APL), 172
Arthur Andersen, xv, 29, 147, 171
board governance and, 120, 267–268
diffusion of responsibility and, 8
groupthink and, 13
leadership and, 91, 93
permissive attitude, 99
stigmatization, xvi
upward challenge, integrity, and, 83
whistle blowing and, 93
Asset Liability Management Committees, 274
Association of British Insurers, 48
Attention, vigilant, 65, 67–70
Audit committees, 255–259, 264
bolstering, 255–259
mandatory rotation of, 102
Authentic Fitness, 158, 248
B.F. Goodrich, 147
BancOne, 132
Bank of America Corporation, 132, 164
Bank of Boston, xii
Bank of Credit and Commerce International (BCCI), xii, xiii
Banker conflicts, 106
Bashaw, David, 45
Becket, Thomas, 91
Bell, Griffin, xiii
Benchmarking, 186
Berkshire Hathaway Inc., 22, 246
Bertsch, Kenneth, 17
Biggs, John, 260
Boards, 95
governance, 109–115, 117–122, 123–141
limiting posts on, 22–23, 89
narcissistic leadership and, 57, 58
performance evaluations, 20–21
preventative action and, 97–108
reforming, 27–36, 152
See also Governance
Boeing, 112
Boisjoly, Roger, 147
Book-of-the-Month Club, 253
Bossidy, Larry, 70
Boundaries, leadership, 57–58
Box-ticking, 209
Breeden, Richard, 162
The Breeden Report, 177
Buffett, Warren, 10, 103, 132, 137, 161–162, 246
Burke, Walter, 83
Bush, George W., xvi, 5, 40
Bush, Neil, xiii
Business judgment rule, xvi
Business Roundtable, 103
Principles of Executive Compensation, 177
Bystander apathy, 6, 7–9
Cadet Leader Development System (CLDS), 216
California Public Employees’ Retirement System (CalPERS), 159, 177, 246, 252, 259, 260, 261, 269
Calvin Klein, 248
Cambre, Ronald, 166
Campbell, Bill, 242–243
Capellas, Michael, 21
Corporate governance in Europe, 205–212
Corporate Library:
  compensation committees, independence of, 182–183
  governance advising issues, 15, 16, 18
Corporate raiders, 251
Council of Institutional Investors, 261, 264
Counseling, 57, 59
Criminal liability, 191–200
Crystal, Graef, 156, 157–158, 164, 168
Crystal Report, 157–158
CSX Corporation, 166
Cuban missile crisis, 64
Cugnot, Nicholas Joseph, 97
Daft, Douglas, 43
Daiwa Bank, 193
Dallas, George, 17
Darley, John, 7
Day traders, 33
Decision making. See Leadership, decision making
Dedication, transcendent, 65–67
Directors:
  education, 115
  responsibility and, 129–131
  stock ownership, 189
See also Leadership
Disclosure, 185
Disney, Roy, 112
Dissent, fostering, 19–20
Drexler, Mickey, 243
Drucker, Peter, 86, 108
Drysdale Government Securities, xii
Dunlap, Al, xiii, 152

E.F. Hutton, xii–xiii
E.S.M. Government Securities Corporation, 10
Ebbers, Bernard, xvii, 52, 127
Edmunds, 14
Eisner, Michael, xiii–xiv, 69, 112, 160, 249
Ellison, Larry, 242, 243–244
Employee Retirement Income Security Act (ERISA), 153
Employees, integrity and, 84–87
Enron:
  board governance and, 109, 117–122
  branded names, 21
  democratization of misconduct and, xvii
  diffusion of responsibility and, 8
executive pay issues and, 151
feigning ignorance, 3, 6
governance advising issues, 19, 267–269
grouphink and, 13
independents vs. insiders, 22
leadership and decision making, 63, 64–65, 68, 89–93
Managers’ Capitalism and, 127
narcissistic leadership and, 52, 57
overview of scandal, xiv–xv, 27–36
special purpose entities, 174
stigmatization and, xvi, 155
upward challenge, integrity, and, 83
whistle blowing and, 11
Entity, 174
epinions.com, 14
Equity ownership, 118–120
Ernst & Young, 257
Esrey, William, 128, 165, 254–255, 261
Ethics Officer Association (EOA), 146, 147
Ethics programs, 87, 146–148
Europe, corporate governance in, 205–211
Excise tax, 165–166, 181
Execution, 70
best practices, 178, 181–190
compensation committees, 182–183, 184–187
drivers of change, 178–181
as incentive for truth/transparency, 91
reforms, 151–168
F. Hoffinan-LaRoche, 193
Fairchild, 159
Fastow, Andrew, xv, 29, 52, 68, 91, 127, 267
FBI, whistle blowing and, 11, 93
Federal Sentencing Guidelines for Organization (FSGO), 147
Federated, 132
Financial Accounting Standards Board (FASB), 9, 137–138, 177, 180
Financial reporting, 171–176
First In, First Out (FIFO), 175
FleetBoston, 164
Fluidity of roles, 20
FORTTRAN, 172
Fox & Company, xiii
France, stock options in, 208
Galbraith, John Kennedy, 152
Gap Inc., 243
General Dynamics, 159
General Electric (GE), 20, 151
board governance, 114
executive compensation and, 33–34, 165, 265
independents vs. insiders, 22
Managers’ Capitalism and, 128
General Motors, 253, 260
Generally accepted accounting principles (GAAP), 129, 138
Genovese, Kitty, 7
Germany, stock options in, 207, 208
Gillette, 44–46
Gilman, Cynthia, 233
Global Crossing, xv
branded names, 21
executive pay issues and, 151
narcissistic leadership and, 52, 57
stigmatization, 155
termination and benefits, 167
Goizueta, Roberto, 41–42, 157
Gold, Stanley, 112
Golden shackles, 6, 9–11
Goldschmid, Harvey, 251
Goldstein, Michael, 166
Goldwyn, Samuel, 92
Governance, 233–240, 244–254
Apple and, 241–244
audit committees and, 255–259
boards and (see Boards, governance)
corporate raiders and, 251–252
Enron and, 267–269
Europe and, 205–211
metrics, 14
conflicts of interest and, 14–15
predicting performance and, 15–17
narcissistic leadership and, 52–53
possible government intervention, 102
signs of good, 259–263
checklist, 263–267
Sprint and, 254–255
Governance Metrics International (GMI), 15, 16
Grace, J. Peter, 247
Graham, Benjamin, 135–136, 138
Graham, Wendy, 21
Gramm, Wendy, 31
Grasso, Richard, 34, 128, 257
Green, Steven, 21
Greenspan, Alan, 10, 153–154, 163
Grouphink, 7, 12–13, 19, 114
Gulf Oil, 89
INDEX

Harman, Sidney, 91–92
Harman International Industries, 91–92
Harvard Business School: leadership education and, 224
Hay Group, 164
Hays, Constance, 41, 42
HealthSouth, xv, 5
diffusion of responsibility and, 8
executive pay issues and, 151
metrics and predicting performance, 16
Heard, James, 15, 17
Henry II, 91
Hewitt Associates, 160
Hillenbrand Industries, 263
Hirsch, Leon, 162
Hobbes, Thomas, 76
Holding-period requirements, 189
Home Depot, 20
IBM:
Reinventing Education, 48
Icahn, Carl, 251
ImClone, xv, 52, 57
Independence, 242
board governance and, 118–119, 152, 237–238, 246, 263–264
character vs., 21–22
compensation committee and, 182
governance, management, and, 111
Informix, 3–4
Initial Public Offerings (IPOs), xv
Inland Container Corporation, 98
Institute for Policy Studies, 41
“The Institute for the Teaching of Ethics in Public and Private Sector Management,” 145–146
Institutional Shareholder Services (ISS), 261
“Corporate Governance Quotient” (CGQ), 15–16, 17
governance advising issues and, 14–15, 18
Integrity, 83–87
International Brotherhood of Electrical Workers, 255
International Corporate Governance Network, 160–161
International Paper, 4
Intuit, 242
Investment Company Act of 1940, 139
Investor Responsibility Research Center, 164, 250
Invulnerability, illusion of, 13
Iraq, 40
Ireland, 41
Italy, stock options in, 208
It’s Earnings That Count, 138
ITT, 159
Ivester, Douglas, 42–43
J.D. Power, 14
Jackson, Shirley, 23
Jaedecke, Robert, 268
Janis, Irving, 12–13
Janus, 132
Japan, 40
Japanese Federation of Economic Organizations, 48
Jensen, Michael, 160
Jobs, Steve, 241–244, 249
John Deere, 75–76, 78–81
Johnson & Johnson, 265
Joining bonuses, 164–165
Jordan, Vernon, Jr., 253, 264
Joyce, Mary, 71
Kay, Ira, 164
Keating, Charles, xiii
Kemp, Jack, 264
Kennedy, John F., 64
Khurana, Rakesh, 152, 154, 286
Kilts, Jim, 44–46
Kissinger, Henry, 253
Kozlowski, Dennis, xv, xvii, 5–6, 52, 66, 128, 167
Krahnert, Herb, 98
Landers, Ann, 147
Last In, First Out (LIFO), 175
Latane, Bibb, 7
Lay, Kenneth, xv, xvii, 11, 27, 28–30, 52, 68, 91, 127
Leadership, 37, 39–44, 89–93
character development (see Character, development and leadership)
decision making, 63–72
developing and assessing, 20
narcissism and, 51–61
restoring confidence in, 44–49
separation of powers, 137
upward challenge and, 83–87
value creation and, 75–81
See also Chief Executive Officers (CEOs); Managers
Lego, Paul, 253
Lehman Brothers, xiii
LeMaistre, Charles A., 22, 71
LeMay, Ronald, 128, 165
Lewis, Drew, 253
Lewis, Kenneth, 164
Lincoln Savings, xii, xiii
Lipton, Martin, 134
LJM, 68, 70–71
Ludwig, Eugene, 273
Ludwig Report, 273, 274

Managers:
criminal liability and, 191–200
See also Leadership
Manne, Henry G., 134–135
Marconi, 207
Markey, Edward, 3
Massachusetts Financial Services, 132
Mattel, 167
Maxwell, Hamish, 162
McGraw–Hill, 253
MCX, 168
McKinnell, Hank, 262
MD Anderson Cancer Center, 22
Meetings, annual, 107
Mercatus Center, 31
Messier, Jean-Marie, 51
Metro–Goldwyn–Mayer, 160
Microsoft, 23, 155
MicroWarehouse Inc., 242
Middle States Accreditation, 215
Miles, Michael, 268
Milgram, Stanley, 7
Millennium Survey, 47
Millstein, Ira, 257
Mitchell, George, 112, 264
Monitoring, criminal liability and, 195–196
Moody’s, 17, 21
Moral hazard, model for determining, 31–32
“The Morality of Capitalism,” 77–78
Morton Thiokol, 147
Mueller, Robert, 11
Munger, Charlie, 246
Murphy, Kevin, 160
Mutual funds, governance and, 123–126, 130, 131–134, 136–141

Narcissism. See Leadership, narcissism and
NASA, 83, 90–91, 147
Nasdaq, 180, 242, 257, 258

National Association for Business Economics, 233
National Association of Securities Dealers, 257
Neff, Tom, 153
Netherlands, 207, 208
Newmamt Mining, 166
New York State Retirement Fund, 255
New York Stock Exchange (NYSE), 103, 257
board governance and, 112, 121–122
executive compensation and, 34, 139, 180, 182, 184
insider vs. independent directors, 239
leadership and decision making, 72
Managers’ Capitalism and, 128
Nasdaq and, 258
Niblack, John, 262
Numbers Game speech, 256–257

Objective metrics, 14. See also Governance metrices
Occidental Petroleum, 162
Officersonship, 218
Ogden, Dayton, 153
OPM Leasing Scandal, xi–xii
Overhang, 179, 180–181, 190
Ovitz, Michael, xiv, 69, 112

Parmalat, 151, 208
Patterson, Bill, xii
Paul, Pope John, II, 76
Peace dividend, 214
Pecora hearings, xi
Penn Central, 89, 250
Penn Square Bank, xii
Performance measures, 186–187
Pfaff, William, 125
Pfizer Corp., 261–263, 266
Philip Morris, 160, 162, 268
Pickens, T. Boone, 251
Pilgrim Baxter, 132
Poison pills, 251–252, 266
PricewaterhouseCoopers, 248–249, 257
Procter & Gamble, 20, 101
Professional identity, 217–219
Proxy system, 249–250, 252–253, 257, 260, 261–263, 264, 265
Psychological intervention, narcissistic leadership and, 59–61
Public Agenda, 41
Public Company Accounting Oversight Board, 1, 30, 171
Public-issue advocacy groups, 22
Putnam, 132
Race discrimination, 42
Rationalization, collective, 13
Realization, decisive, 65, 70–71
The Real Thing, 41
Reform, 143
Regression analysis, 186
Reinventing Education, 48
Relative narcissism, 54, 55–57
Religious institutions, leadership and, 40
Reporting, criminal liability and, 195–196, 198
The Report of the National Association of Corporate Directors on Executive Compensation and the Role of the Compensation Committee, 177
Responsibility, 6, 7–9, 145–150
Retirement benefits, 187–188
Rigas, John, xvii, 5
Risk, managing, 103–105
Robinson, James, III, 253, 254
Rockwell International, xiii
The Role of the Board of Directors in Enron’s Collapse, 34–35
Rowley, Colleen, 11, 93
Royal Crown, 42
Royal Dutch/Shell Group, 5
Run rates, 179, 180–181, 190
Rusnak, John, 273, 275
Safra, Edmond, 253–254
Salomon Brothers, 63, 162
Sarbanes Oxley Act of 2002, 1, 9, 14, 19, 30, 35, 102, 103, 110, 127, 180, 237
Saving Capitalism from the Capitalists, 77
Saving the Corporate Board, 35
Schering–Plough, 166
Schools, leadership and, 40
In Search of Excess, 156
Searching for a Corporate Savior: The Irrational Quest for Charismatic CEOs, 152
Sears, 160
Seattle First National Bank, xii
Securities and Exchange Commission (SEC), 5, 23, 103
board governance and, 109, 110, 120, 121
compensation and, 159, 162, 177
leadership and, 90
decision making and, 66–67, 72
metrics and predicting performance, 16, 17–18
mutual funds and, 133, 134
restoring Owners’ Capitalism, 136
Tyco and, 66–67
website, 248, 260
Self-censorship, 13
“Sergeant Schultz” defense, 3
Serial inducers, 185
Severance, 188–189
Shareholders:
activism, 180–181, 245
compensation and role of, 155–165, 178, 179, 180–181, 182, 184, 185
criminal liability and, 194
double triggers and, 189
increasing ownership rights, 134–141
financial reporting and, 175
proposals, 248–250
restricted stock and, 182
voting and, 245
Shearson Lehman Brothers, 253
Sheehan, George, 160
Sherman Anti–Trust Act of 1890, xi
Silverado Savings, xiii
Skilling, Jeffrey, 3, 13, 28, 52, 127
Smith, Adam, 77, 125–127
Snow, John W., 166
Social investment funds, 47–48
Society for Values in Higher Education (SVHE), 145
Spencer Stuart, 153, 263, 264–265
Spitzer, Eliot, 30, 35, 192
Sprint, 128, 165, 168, 254–255, 261
Standard & Poor’s, 15, 17, 18
Steere, Bill, 262
Steinberg, Saul, 251
Steiner, Jeffrey, 159
Stempel, Robert, 253
Stewart, Martha, xv, 52
Stewart, Potter, 98
Stock options, 126–127, 161–165, 179–180, 266
increasing Owners’ Capitalism, 137–138
misuse of, 9–10, 249–250
pricing, 105–106
Sprint and, 254
Strong, 132
Succession planning, 265
Summit Bank, 167
Sunbeam Corporation, xiii, 152
Supplemental Executive Retirement Plans (SERPs), 185
Surowiecki, James, 124
INDEX

Sutherland, Edwin, xi
Swartz, Mark, 5–6

Teachers Insurance and Annuity Association—College Retirement Equities Fund (TIAA-CREF), 177, 182, 252, 259, 260–261

Termination:
benefits and, 166–167
ethics violations and, 85–86

Total Innovation, 46
Toys R Us, 166
Transparency, 185
Trigger, double, 188–189

Tyco International, xv
democratization of misconduct and, xvii
executive pay issues and, 151
feigning ignorance, 5–6
leadership and decision making, 63, 64–65, 66, 71
Managers’ Capitalism and, 128
narcissistic leadership and, 52, 57
stigmatization, 155
termination and benefits, 167

U.S. Surgical, 162
Union Pacific Corp., 253
United Airlines, 159
United for a Fair Economy, 41
United Kingdom, corporate governance in, 208
United Shareholders Association, 159
UPS, 16, 22
USAir, 159
USMA Strategic Vision—2002, 217

Valuation methodologies, 186

Value creation. See Leadership, value creation and

Vivendi, 51, 57
VUCCCA, 215

W.R. Grace, 247

Wächner, Linda, 157–158, 247–248

Wage gap, 41, 126–127, 150. See also Executive compensation
Waksal, Samuel, xv, 52
Wal-Mart, 16, 114
Walsh, Frank E., Jr., 66–67
Walt Disney Company, xiii–xiv, 160, 253
board governance and, 112, 248, 249
elections, 266
leadership and decision making, 69
termination and benefits, 167
Ward, Ralph, 35
Warnaco, 157–158, 247–248
Warner Lambert, 262
Waterloo Boy Gasoline Engine Company, 75
Watkins, Sherron, 11, 91, 93, 290
Wealth of Nations, 77
Webvan, 160
Weil, Gotshal and Manges, 257
Welch, Jack, 33–34, 128, 151, 165
Westinghouse Electric, 253
West Point, character development, 213–214, 224–229
establishment of, 214–224
Whistle blowing, 11–12, 19, 27, 91, 92, 147–148
White-collar crime, xi
Wilshire Associates, 246
Wilson, James Q., 77
Winnick, Gary, 52
WorldCom, xv, xvii, 28, 254
branded names, 21
diffusion of responsibility and, 8
executive pay issues and, 151
governance advising issues, 19
groupthink and, 13
leadership and decision making, 69
Managers’ Capitalism and, 127
narcissistic leadership and, 52, 57
stigmatization, 155
whistle blowing and, 11, 93

Y2K database systems crisis, xiv
Yahoo!, 264
Yale School of Organization and Management (SOM), 145
York, Jerome, 242, 243

York, Jerome, 242, 243