

## *Why the Martha Stewart Verdict is Good for CEOs*

BY ERIC YAVERBAUM

Imagine you work your entire life to attain the position of your dreams, to reach the corporate status where your ideas, concepts and beliefs can be implemented at the highest level, and, when you get there, the position you attain, CEO, becomes one of disdain. Such is the situation many CEOs of the biggest corporations in America face today.

That is why many business leaders are not saddened that Martha Stewart was found guilty, and privately hope for similar results for ex-leaders of companies like Enron and other corporate cheats.

While running a PR firm and conducting research for my books, I speak to about 35 CEOs each month. Most feel that their careers and lives have been significantly changed by the erosion of the image of business leaders across the country. As a result, combating suspicion takes up so much time that they have trouble getting to the nuts and bolts of running their companies. It also spills over into their personal lives as they encounter distrust among people they meet in social settings.

The overwhelming view among the private jet set is that successful prosecution of headline-grabbing transgressors is the first step in building back the image of the CEO post.

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CEOs, for the most part, have the same anger toward their brethren who have committed these crimes as the general public does. Success now breeds suspicion, which means that a corporation has to spend more money, time and resources to ensure that it stays within the law, and that it can prove it is staying within the law. The Federal Communications Commission and the Internal Revenue Service will continue to tighten the guidelines and increase the investigations focused on corporations.

Although this is a necessary byproduct of all that has happened, it certainly doesn't make the CEO's life any easier. Scrutiny will only increase with a company's success. And don't forget that the government enforcement agencies are, at least in part, publicity-driven animals. They know if they get the guys who are making headlines, they make headlines. Headlines in government work leads to more funding.

The role of the CEO is increasingly becoming more difficult to define. Often, CEOs have been utilized to serve as the personification of the corporate brand. Now, however, pushing the CEO to the forefront of the company's masthead can be dangerous. You will be positioning the entire corporation to live or die by the reputation of this one person. This is made even more hazardous because the government is more likely to go after a CEO who becomes well-known. On the other hand, if the CEO buries him or herself within the corporate office, an air of suspicion arises. An organizational system is

based on trust and belief in one's leaders. When that foundation is eroded, managing that organization becomes more difficult, slowing the process and hampering productivity.

Most CEOs today who feel they are being indicted by association believe that a resolution to the situation will arise from the following chain of events.

First, the prosecution and penalization of noteworthy lawbreakers. The public must begin to see transgressors getting caught, so those not under prosecution can again be presumed innocent.

Second, the government needs to come up with stricter laws that stay constant, allowing corporations to comply without dealing with an ever-changing set of dos and don'ts.

The trend toward transparency needs to continue in American businesses. Secrecy breeds fraud; absolute secrecy breeds absolute fraud. The business community as a whole must move to dissolve corporate privacy, so the public will be empowered with knowledge and awareness.

And finally, a new breed of CEOs must step forward and begin to bring some positive associations to top-level professionals. ■



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