

Business Leaders Must be Ready to Act When Moral Heroism is Needed

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David Myers was a successful and honorable business professional. A graduate of the University of Mississippi with bachelor's degrees in accounting and business administration/marketing, he worked hard and had a very successful career. He was a Senior Audit Manager with Ernst & Young and later served as Chief Financial Officer and Treasurer of Lamar Life Insurance Group before retiring to spend more time with his wife and three young children.

But in 1995, shortly after retiring, Myers received a call from Scott Sullivan, a former Ernst & Young partner. Sullivan was the CFO of WorldCom, and with a bit of arm twisting, he persuaded Myers to join the management team as Vice President and Treasurer.

In 1997, Myers was promoted to Senior Vice President and Controller, managing a global staff of over 2,000. He was a key participant in the financing transactions, mergers and acquisitions that resulted in WorldCom growing into one of the largest telecom companies in the world.

However, the 17 acquisitions that built the company came at a high price—a very large debt burden. The constant cash demands of servicing the debt and continuing operations were exacerbated by a significant investment the firm had made in constructing Internet infrastructure that never produced the expected returns. The U.S. Department of Justice's decision in June 2000 to block a proposed merger with Sprint was a significant setback for the company, threatening its financial health.

Shortly after the DOJ decision, Myers had a conversation that would change his life. Sullivan, his friend, said he needed Myers' help. He explained that the company was facing significant adverse consequences unless special measures were taken to improve the numbers on WorldCom's financial statements. Specifically, Sullivan wanted Myers to go along with a scheme to book over \$800,000 of ordinary expenses as capital expenditures to inflate WorldCom's reported income and thereby maintain the value of WorldCom shares.

Until this point in time, the worst legal infraction Myers had ever committed was driving above the speed limit. In fact, he prided himself on setting a good example and raising his kids to know the difference between right and wrong and to do their best to do right.

Despite his generally strong moral convictions, Myers went along with the scheme, convincing himself that it would "only be this one time," and that they would "get it back" in the next quarter. Unfortunately, that's not the way things turned out. For four more quarters, he and his colleagues continued to cook the books in a futile attempt to avert a day of reckoning that would surely come. Later, after they had concealed a billion dollars of red ink, the scandal was uncovered by an internal audit in 2002 and the house of cards collapsed.

On September 27, 2002, Myers pleaded guilty to securities fraud, conspiracy to commit securities fraud, and filing false statements. On August 10, 2005, he was sentenced to serve a year and a day in a federal correctional facility.

Myers' transgression may have been unusually large, but the kind of decision he had to make in 2000 was not. For over a year now, in multiple ethics lectures in front of hundreds of people, I have asked members of the audience whether they have ever experienced pressure to compromise their ethical standards at work. In response, 80 to 100 percent reported that they had felt this pressure at least once in their careers. Sadly, this appears to be a nearly universal experience for business professionals.

These experiences all have two things in common: first, such pressure can come at any time in our careers, without warning; second, when we see or are invited to engage in wrongdoing in the workplace, we have three choices:

1. We can play the villain and give in to the pressure, as David Myers did;
2. We can be a passive bystander and neither participate in nor act to prevent the wrongdoing; or
3. We can play the hero and courageously stand up for what is right.

To be an ethical leader, you must not only decide in advance to be a hero, but also prepare yourself to act the part. Given the stakes for you and for others, consider taking the time now to do the following three things to make sure you are ready:

1. Identify your moral chalk lines, the bedrock principles that you will not compromise under any circumstances;
2. Think about how you should react in situations that are likely to arise at work and may pressure you to cross your moral chalk lines;
3. Be on the lookout for circumstances, both large and small, that may call for your heroism, and prepare yourself to take action when the need arises.

Perhaps no amount of mental preparation will be sufficient to prepare you fully. But imagine the difference being prepared might have made in David Myers' life. Had he been ready, he could have refused to go along with the fraudulent scheme and could have tried to persuade Sullivan and others to pursue a more honorable course. Had he succeeded, WorldCom almost certainly would have had a significant financial crisis, but Myers and his colleagues would not have been party to what became, up to that time, the largest financial fraud in history. And they would not have been responsible for the catastrophic consequences that followed for everyone involved.

So don't put off this work. Start today to prepare to act when your moral heroism is called for, and look for opportunities to take action every day.