

Wednesday, November 8, 2006

Integrity can be a competitive edge

Organizations that are honest and upfront will earn trust and reap the benefits, authors of a new book say.

By MARY ANN MILBOURN
THE ORANGE COUNTY REGISTER

While companies often give lip service to integrity as a core value, two ethics experts said Monday that a serious effort can give organizations a competitive advantage.

"Ethical organizations outperform their unethical peers. It's that simple," said Dana Telford, who co-authored "The Integrity Advantage" with Adrian Gostick.

The two discussed the value of integrity before nearly 400 Cal State Fullerton business students and guests at the school's first "Thought Leadership Seminar in Accounting" sponsored by Grant Thornton LLP, the international accounting firm.

Telford and Gostick began studying integrity in the years before **Enron** blew up to see whether there was any benefit to business.

Among their findings:

- A 2005 Watson Wyatt study showed companies with high integrity outperformed their low-integrity peers by 200 percent in financial returns.
- A Johnson & Johnson study found that if you invested \$30,000 in 30 ethical companies over 30 years, it would have yielded 4.7 times more than the Dow.
- Forty percent of consumers would boycott an unethical company, and 20 percent have done so, according to the Conference Board.

The two researchers cited numerous examples in which heads of companies admitted errors or wrongdoing or took immediate actions based on their companies' core values and integrity.

They pointed to the 1980s when Lee Iacocca took immediate responsibility and apologized when it was disclosed that **Chrysler** executives rolled back odometers before selling corporate cars.

Johnson & Johnson also earned important points with the public when it took swift action to recall Tylenol after several people died during a product-tampering scare.

"Trustworthiness is one of the most-fragile concepts we have," Gostick said.

"Leadership with integrity is more trusted and admired."

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