



OPINION

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Publisher's notebook

Enron alum stumps for integrity

Mike Flynn

Former Enron executive Lynn Brewer suggests that anyone convinced that Sarbanes-Oxley has dramatically improved the landscape of trust surrounding the operations of publicly traded companies isn't paying attention to reality.

"The big thing, to me, is the dramatic jump in whistleblower claims now being made to the SEC -- up to 40,000 a month now, whereas in 2001 it was 77,000 for the entire year, and in 2002 -- the year Sarbanes-Oxley was passed -- the number was 180,000," says Brewer. These numbers, she suggests, show a marked lack of faith in the in-house solutions corporations are supposed to be putting in place to address potential conflicts of interest.

"If SOX (the nickname for Sarbanes-Oxley) did its job in creating a new corporate culture by, for example, requiring companies to have a whistleblower system in place, then why are all these employees going to the SEC rather than using their own companies' whistleblower process?" Brewer questions.

Brewer, who grew up in Pierce County and now lives with her husband in the Kent area, gained prominence in the wake of the collapse of Enron. Her book, "House of Cards: Confessions of an Enron Executive," chronicled her experiences and observations during her two-and-a-half years as a mid-level executive whose role included providing key briefings for Enron's two top officers.

In her travels to speak to groups and organizations around the world, Brewer is called upon not only to recount the lessons of her Enron experience, but more importantly to her, to share her vision for an organization she's launched that would provide the equivalent of a "Good Housekeeping Seal of Approval" on the integrity of public companies.

We first brought Brewer to the attention of Business Journal readers almost two years ago because we were impressed with her candor, exemplified by her quickly including herself in her sweeping

indictment of Enron employees who, "while they didn't participate in, or cover up, wrongdoing, failed to effectively blow the whistle on what they saw going on.

"Hundreds of employees, including me, knew what was going on but chose to look the other way ... because of the lure of stock options," she told us then.

Today, in appearances around the globe, she discusses the mission of the Integrity Institute, the organization she helped form to promote integrity in the corporate world. It's a nonprofit public policy entity that she describes as "founded by a consortium of thought leaders focused on various aspects of corporate integrity.

"Our goal is to assess and certify corporate integrity on behalf of organizations who are seeking to ensure the benefits of their stakeholders," says Brewer.

So how do you measure integrity?

"You can measure the quality of CEO communications, the culture of a company, its environmental and social policies and compensation across the board," she says.

How does "compensation across the board" come into play?

"The issue is are employees being motivated to be unethical," she adds. "By that I mean you look at things like whether a company pays bonuses based upon future earnings rather than cash already in the door."

Because of her now-highly visible role as a speaker before a range of conferences and events around the world, she says she has found Enron seeking to diminish her previous role at the company, and thus her knowledge of any illegal events or activities.

At this point, Brewer is about corralling what she describes as "prominent names" to serve on an advisory board she is putting together to help guide public-policy initiatives relating to corporate integrity on behalf of the institute she is putting together.

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