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Exorbitant CEO Pay: Justifying the Unjustifiable

There's been a lot of finger wagging the last several years in the press about the astronomical salaries awarded to some of the nation's CEOs, particularly about bosses who then go on to drive the company into the ground. Despite the outcry, however, many CEOs continue to rake in mega bucks, which, in turn, can spark a scandal (read: recently departed New York Stock Exchange Chairman Richard Grasso, who was forced to walk the plank following the backlash on his estimated \$188 million pay package. *See page 2*). The problem of exorbitant CEO pay isn't going away but is bound to keep repeating itself. And corporate communication execs are always caught in the crossfire between their bosses – who, purblind, don't see any problem — and media outlets eager to fan the flames. Jim Lukaszewski, president of the Lukaszewski Group, who advises, coaches, and counsels corporate chieftains, has laid out some helpful hints for how PR pros can deal with controversies stemming from exorbitant pay for CEOs.

During an interview last month with a British public relations trade journal reporter, I was asked how I would advise fellow practitioners to justify the huge pay raises so rampant in industry, especially in the United States. My response startled him. "They're unconscionable," I said. "They're unjustifiable," I continued, my voice rising. "It's the people who got these raises who are going to have to justify them," I continued. "And the corporate directors who so callously granted them ought to be in the hot seat, too," I concluded. "They should answer the questions."

His response was, "So you're advising PR people to duck the tough stuff." "Just the stupid stuff, the stuff that destroys our internal reputation and credibility, like these gigantic pay raises," I responded. "And, there are many more of these unjustifiable situations and slogans in management's lexicon."

One favorite management aphorism is the phrase, "employees are our most important asset." I'd never had any use for this phrase. It is too often a lie. Many employees who see this in writing, or hear it, know it isn't true. Who is the audience for this deception?

Do shareholders believe it? Fire 150 people and your stock goes up 2%. Guess employees aren't a priority for shareholders. Workforce reduction-driven increases in share price indicate that employees are merely assets to be added or cast off as necessary. Clearly, since cutting people is often the first, middle, and last resort to make the numbers work, it's not a priority for management either.

Another is safety. In a statement following the collapse of a production machine that killed seven people, a famous manufacturing company said, "Employee safety is our number one concern, everyday. We have constantly won awards in our industry for our attention to safety practices and procedures." I guess that's some comfort to the widows, widowers, and survivors. It sounds as though the company is more worried about not getting a safety award this year than their employees' safety.

So how does the communicator go about the process of helping management avoid these unjustifiable, unbelievable, and incredible pronouncements? Here are three helpful steps:

The Straight Face Test

If you've come across examples like

the ones above, send them around to top management illustrating how they could be done with empathy, common sense, and sincerity. These approaches pass the "Straight Face Test."

The Laugh Test Indicator

Look for examples that are so bad they aren't fixable, primarily negative statements like, "We didn't know," "It wasn't our fault," "We can't be held responsible for their mistakes," "She wasn't hurt that badly; she doesn't deserve much," "I didn't have sex with that woman." None of these pass "The Laugh Test Indicator."

The Credibility Test

Send around good examples, too. This is the help management is genuinely looking for and provides some of the most effective insights we can offer. Show management the right way done by credible, confident, caring, and compassionate organizations and their leadership. The fact is, all good examples are simple, sensible, and sincere.

Contact: James E. Lukaszewski, ABC, APR,
Fellow PRSA, 914.681.0000, tlg@e911.com,
www.e911.com. Copyright © 2003, James E.
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