

## ceo view



By Paul Witkay

## A BAD RAP

During the past year, I was invited to be a guest on two popular talk radio shows on KGO, the top-rated station in the San Francisco Bay area. Because I work with hundreds of chief executives, the hosts invited me to discuss recent stories about CEOs in the media. Unfortunately, the tone of both programs was decidedly negative towards business leaders. One host actually invited listeners to discuss “why we all hate CEOs.”

Many callers stated either overtly or by implication that there is something inherently wrong with business success. Given the exposure of criminal activity at now infamous companies such as Enron Corp., WorldCom (now MCI Inc.), and Tyco International, public cynicism towards business leaders is understandable. I share the anger many expressed towards the handful of CEOs who have committed criminal acts, and I hope that harsh punishment will serve as a strong deterrent to future corporate abuses.

Yet, I was disturbed with a common sentiment that if a business leader is successful, he or she must be doing something wrong. Several callers proposed that “excess earnings” should be taxed and business should be more highly regulated.

What many callers didn’t seem to remember is that the opportunity to succeed in business is the cornerstone of the American dream. This country was built on the incentives that the free enterprise system offers. If we make it more difficult or less rewarding for entrepreneurs to build companies in California or elsewhere in the United States, there are plenty of other places for them to go.

In fact, I know a number of CEOs who have started new businesses in India, China and other countries – places where few CEOs would have considered a few years ago. Many people fail to realize that technological, political and economic changes have enabled the rest of the world to compete with virtually every industry in this country.

Instead of creating an environment in which our businesses can compete with the best in the world, regulatory requirements at the state level have consistently increased the cost of doing business in California. In 2004, California Assemblyman Tim Leslie, R-District 4, wrote an interesting essay arguing that the state is mistreating its golden goose, the business community.

“The problem is the ever-mounting pile of regulations being placed on the goose’s back,” said Leslie. “In the past five years, small businesses have had to endure countless new laws affecting everything from payroll to health care to liability. Each of these regulations carried an increase in costs.”

On the national level, politicians reacted to criminal abuses by pushing for the creation of Sarbanes-Oxley legislation. The costs of that law have been greater than expected, driving up corporate costs with no productivity gains. And, when it comes to repairing American corporate governance, the law addresses symptoms more than causes.

**FUTURE OF PHILANTHROPY IN JEOPARDY?**

If anti-corporate sentiment gets translated into further business regulation and control, will America continue to produce business and philanthropic leaders? This question brings to mind Bill Gates. No businessperson in this country has made more money than Gates and few CEOs elicit a stronger reaction from the public.

Whether you agree with Gates’ business methods or not, he is the ultimate American success story. Gates made billions after dropping out of college to start a small software company when the software industry didn’t even exist.

Earlier this year, Gates announced that he is leaving the day-to-day operations of Microsoft to focus on investing much of his fortune and that of his friend and fellow billionaire Warren Buffett in an effort to address large global issues that few others would dream of tackling. One of Gates’ first actions was to announce the establishment of a \$29 billion fund to address HIV, malaria and other health issues in developing countries.

Based on his business acumen, I would bet that Gates will set clear objectives and carefully measure results for his programs. Surely, this will lead to many more lives saved than any government programs that would spend much more money in an attempt to solve similar problems with far less success.

I am certain that some people will take issue with how Gates and his foundation decide to address problems. However, Gates has changed the world so much in his “first life” that it’s safe to assume that his “second life” will make a positive difference in the lives of millions.

We should do everything possible to protect our unique capitalist system that allows for the creation of billionaires like Bill Gates. We shouldn’t waste time criticizing business leaders who are “too successful.” Instead, we should encourage them to build more successful U.S.-based businesses, which creates jobs and creates wealth that can be reinvested to help others.

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*Paul Witkay is founder and CEO of the Alliance of Chief Executives ([www.allianceofceos.com](http://www.allianceofceos.com)), an organization exclusively for chief executives who run public and private companies in virtually every industry and market sector.*

Success & good earnings are attracting unjustified cynicism against CEOs and corporations



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