

## SUNDAY BUSINESS

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DemocratandChronicle.com

SUNDAY, SEPTEMBER 10, 2006

## Making ethics work in business has its own reward

Russell Bullock said his workers encounter ethical dilemmas daily and he likes to believe that they typically do the right thing.

Bullock, chief executive of Erdman, Anthony and Associates Inc., recalled a project in which his engineering firm was doing the environmental monitoring and reporting for a company owning a landfill.

The client wanted Bullock's firm to ignore some state requirements because everyone else was "getting away with it." But his workers on the case instead persuaded the company that abiding by the rules was pivotal.

"Our client was much more agreeable when he understood all facets of the issue and saw that he could work with government agencies to complete his project," said Bullock, whose firm last year was one of two winners of the Rochester Business

Ethics Award.

That's the goal of the annual award: Start a conversation about the value of workplace ethics, especially the way in which good ethics help businesses' bottom line, said Alan Ziegler, president of Futures Funding Corp. and a past national president of the Society of Financial Services Professionals.

Ziegler founded the award in 2003. It will be given out again Tuesday at the annual luncheon sponsored by the Rochester chapter of the financial services group, St. John Fisher College and the Rochester Business Alliance.

Award winners are typically "committed to doing the right thing, at any cost," Ziegler said.

A president of one past winner, for example, was thinking about laying off workers after a tough year. Instead, he called together the company's approxi-



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## COMPANY TIME

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mately 40 workers, telling them that he wouldn't downsize, convinced that the firm would rebound.

"So he froze compensation, cut back on some amenities ... and did not match workers' 401(k) contributions that year," Ziegler said.

He asked his workers to stick with him, which they did.

When the firm rebounded, the workers got a back raise and a new pay bump, money was put back into their 401(k) plans and other policies were re-established.

The award finalists are: Bergmann Associates; Home Care of Rochester; Borg Imaging Group; CXO on the Go; JC Jones and Associates; SenDEC Corp.; and Toshiba Business Solutions New York.

The speaker at Tuesday's event will be John Bogle, author, business ethics advocate and founder and former chief executive of Vanguard Funds.

"I will talk a little about whether people are less ethical now than they used to be," said Bogle in a phone interview last week.

"My conclusion? I don't think they're less ethical, but I think the standard of what is ethical has greatly been debased."

One issue that bugs Bogle is the wage discrepancy between workers and chief executives. If you look at inflation-adjusted incomes at public companies from 1980 to 2004, workers'

wages barely moved as chief executives' pay shot up 800 percent.

"That tells me the managers are getting much more than their fair share," he said.

"And they haven't accomplished very much," said Bogle, adding that earnings growth hasn't risen enough to warrant such a big pay bump.

Another issue of interest to Bogle is the manipulation of a company's financial statements that's often viewed as legal. A company might not write off its depreciation over a year because it will ruin earnings. So instead, it's done over 20 years, lessening the yearly impact.

And too often fund managers act in their own interests and not those of the individual investor.

The biggest problem?

Bogle says: "We've become a bottom-line society." □