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Guest comment

After Tough Year for Image, CEOs Need Defending

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by Paul Witkay

From the sentencing of former Enron CEO Jeffrey Skilling to the resignations of a number of CEOs for their alleged involvement in options backdating, 2006 was a tough year for the reputation of chief executives.

Not surprisingly, PR giant Edelman's 2006 Trust Barometer found that 27 percent of U.S. respondents felt that information conveyed by a CEO was very credible. The egregious excesses and errors of a few, who certainly deserve condemnation, lead to damaging misperceptions that need to be addressed before they enter popular consciousness as accepted facts.

As founder and CEO of the Alliance of Chief Executives, an organization of CEOs throughout Northern California, I've met with more than 2,000 CEOs over the past 10 years and found these commonly held perceptions to be wrong:

- CEOs are egotistical.

CEOs with super-sized egos typically receive the most press. Yet, the vast majority of CEOs I've met are humbled by their responsibilities and understand that their success rests on their ability to build an organization filled with highly effective people. They are not afraid to admit that they don't know all the answers and they surround themselves with people who bring skills that complement their own.

- CEOs crave power.

For many, Donald Trump is the personification of the leader as the ultimate boss. In contrast, most CEOs hate to fire people because they take personal responsibility for their failure to hire, train or motivate effectively. They fire people when necessary, but CEOs spend much more time cultivating people and delegating authority.

- CEOs make too much money.

Many are quick to point out that CEOs of America's 500 biggest companies get paid ungodly sums of money at the expense of rank-and-file employees. The average paycheck last year for America's top 500 CEOs was $10.9 million.

However, according to Dun & Bradstreet, there are 1.24 million businesses in the United States with 10 or more employees and revenues greater than $1 million. Therefore, 99.9 percent of CEOs do not run Fortune 100 companies. Just as minor league baseball players earn less than 1 percent of what Barry Bonds gets paid, compensation for these small and midsize companies leaders is much more "normal."

- CEOs are shortsighted.

Many stories in the press focus on how CEOs seek to maximize quarterly performance at the expense of the long-term interests of their companies. In my experience, very few CEOs make decisions that jeopardize long-term results in exchange for short-term financial gains.

Unfortunately, long-term investments are rarely reported in the media because the proof of their efficacy generally lies far in the future.

- CEOs have the best job in the company.

The job of CEO is getting more difficult. Constant technological advances and increased globalization force CEOs to deal with potential competitors that can spring up at any time.

Many CEOs have told me that their biggest surprise after being named "the boss" was that they no longer had any peers. Being the leader means that they have to make tough decisions from time to time and their personal relationships cannot supersede their responsibilities as the leader.

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