A cookbook for not cooking the books.

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A COOKBOOK FOR NOT COOKING THE BOOKS

One of the biggest threats to our country's economic stability is the apparent loss of morality coming out of our business community. During the past several months we have heard horror stories of companies and their chief executives falsely reporting revenues and profits to maintain their company's value in the stock market. Major companies such as Enron, WorldCom, Tyco and Arthur Andersen all have declined to a point that they are on the brink of collapse. Even worse, they have destroyed the investments and dreams of thousands of people.

What motivation was there for these so called corporate icons to allow this to happen? (Aside from greed, of course.) What is being taught in our centers of higher learning to make those guilty think they could get away with such deception? How were these problems allowed to fester? What are the danger signs that we must look for within our own companies? The problem goes deeper than just one person. It is many levels deep.

We in the beverage industry are at a very vulnerable time as many of our companies are well known throughout the world and in some cases are household words. All the ingredients are here, good profitability, high stockholder equity and a very popular and widely used product.

Are these problems the outcome of business consolidation? Is the pressure to maintain the price of a company's stock and responsibility to the stockholders too great that professionalism and morality are thrown out the window?

I was speaking with an associate about this subject and was reminded of two key ingredients that Warren Buffet looks for and believes in when investing in companies. One is quality management and the other is investing in a business that is easy to understand. That, in a nutshell, is the beverage industry.

We must all look each other in the eye and know what is going on from the loading dock up to the CEO. Today, we live in different times and must scrutinize who we hire in management positions, and place individuals on our boards of directors based on what they know and not who they know. We are lucky that the beverage industry was rooted by companies with strong family and community values. I believe that these values have carried through to today. We must continue to develop great managers, see the value in our employees and customers, and strive to put out a great product. This is the recipe for success.

PHOTO (COLOR): Tom Bachmann Director, Industry Development

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