

U.S. Department of Labor

Employment Standards Administration
Wage and Hour Division
Washington, D.C. 20210**FAX COVER SHEET****OFFICE OF THE ADMINISTRATOR**
WAGE AND HOUR DIVISION**FAX NUMBER (202) 219-4753**
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TO: Jen O'Connor DATE: 5/15/96
FAX NUMBER: 456-2464 PAGES: 3
(include cover sheet)

LOCATION: _____

FROM Suzanne Seiden

If you do not receive all of the pages please call:

NAME: _____

NUMBER: 219-8305**COMMENTS/INSTRUCTIONS:**

Jen - while you are waiting for the "new"
talking points, thought these may help.

Suzanne

4/21/95

THE FORTY-HOUR WORKWEEK

The Fair Labor Standards Act (FLSA) codifies a core value: Work is an essential part of a fulfilling life, but there should be more to life than work. The FLSA encourages employers to put boundaries around the demands they make of workers. It does this by requiring premium pay for work beyond forty hours per week. With some exceptions, covered employees are entitled to compensation and one and a half times their usual rate for every extra hour worked in a week. But today, the forty-hour workweek is under attack. Some business groups and politicians are calling for weakening or eliminating the Fair Labor Standards Act.

The attack on the forty-hour workweek is being launched under the misleading banner of "flexibility." Those who hope to undercut the Fair Labor Standards Act's workweek provisions argue that the modern workplace is being cramped and distorted by rigid rules from the 1930's, and claim that abandoning the forty-hour week would give both employers and employees more flexibility.

This is wildly disingenuous. The issue for employers is money, not flexibility. The FLSA gives employers complete flexibility in scheduling work. It simply requires them to pay extra when they keep their workers away from home and family for more than forty hours in any single week. Consider these facts:

- The FLSA does not regulate the maximum number of hours an employee can be required to work.
- The FLSA gives employers control over workers' hours. Employers can -- and do -- require their employees to work an unlimited number of days or hours, as long as overtime is paid.
- The 40-hour week can accommodate nontraditional schedules, because employers can begin the workweek on any day of the week or any hour of the day.
- There is no general "eight-hour" requirement -- for example, an employer can schedule a worker for three twelve-hour days without triggering the overtime requirement -- so long as the 40-hour limit has not been reached. (Hospital workers have special rules: They can work more than forty hours in a week, so long as they don't exceed eighty hours in two weeks or eight hours per day.)

Weakening the Fair Labor Standards Act would not make the workplace more flexible. But it would strip from workers the right to claim premium pay for extra hours of work. This would save employers money, but strain the budgets of many workers' families. Millions of workers depend on premium overtime pay to help make ends meet. At a time when earnings are stagnant or shrinking for most workers, and growing numbers of Americans are torn between the demands of work and the demands of family, retreating from the 40-hour week and overtime pay for extra hours would be a step in precisely the wrong direction.

40-hour Work Week

The proponents of ending the standard 40-hour work week have built a trojan horse that they're now using to launch another assault on the security of working families.

You'll hear them describe their proposal as if it were a wonderful "gift" to America's workers. They'll talk about "flexibility," and how most American workers will jump at the chance to work 60 or 70 hours in one week and then take most of the next week off -- with no overtime pay, of course. And they say they want to help workers balance their work and family responsibilities by giving them the chance to trade in their overtime for compensatory time off.

What they're really talking about, however, is not a new benefit for employees, but rather a new freedom for employers to increase their flexibility in work scheduling and to cut their costs.

And that would mean further cuts in the wages and the economic security of working Americans. It means that workers would have less control over their lives.

When the proponents of these measures talk about flexing the work week so that the standard becomes an "average" 40-hour week -- and when they talk about going to an 80-hour or 160-hour overtime threshold -- what they're really talking about is an attack on a major institution in American life.

We live in an age when too many Americans are working harder just to keep up. A rising number work two or more jobs a day -- not because they want to, but because they have to. In many cases, they need the extra money that overtime pay provides. And these trends have hit particularly hard at two-earner families and single parents.

The Fair Labor Standards Act, requiring employers to pay time-and-a-half for hours worked in excess of 40 hours a week, was passed in order to discourage employers from working people long hours, to encourage them to spread available work around to more people and to make sure workers have time left over for their family and community responsibilities.

Despite the law, we are finding that employers increasingly want to work their existing employees longer rather than hiring new ones.

Make no mistake, many families would benefit if they were given more flexible work schedules. But that's not the issue here. Flex-time is already allowed under the current law, and only about 15 percent of full-time workers have it.

CORPORATE CITIZENSHIP CONFERENCE Q. & A.
DRAFT -- As of 1:00 p.m. -- May 15, 1996

Q: WHAT DO YOU EXPECT TO SEE COME OUT OF THE CONFERENCE?

- A:**
- **The Beginning Of An Important National Dialogue On Corporate Citizenship.** The President would like this conference to be the start -- not the finish -- of a constructive national dialogue of how the corporate sector can rise to its distinctive challenge of reconciling their fundamental need to grow and be profitable while doing everything they can to ensure that we provide our people with the opportunity to make the most of their lives.
 - **Focus Attention On Companies Meeting One Or More Of The President's Five Corporate Citizenship Challenges.** If we can focus greater awareness on those companies that have been able to be both profitable and help their employees prepare for the future -- to do well and do good at the same time -- we enhance the challenge to our corporate leaders to consider at every step the new ways they can both grow their companies and invest in their workers. If more and more corporations can follow the models of those who recognize that their workers are the best asset that they have -- we can accomplish a lot in moving this country forward.
 - **We have a strong legislative agenda including health and pension portability, minimum wage, education tax incentives and training: but legislation can only go so far.** If we want to ensure that we are both growing and profitable and that our people feel that hard work pays off and loyalty means something, we need to *examine the duty that workers owe to their employees to help them be profitable, and the duty employers owe to their workers to make them more valuable through education and job training.*

Q: WHAT DO YOU THINK OF SECRETARY REICH'S PROPOSALS, SEEKING TAX INCENTIVES FOR CORPORATIONS THAT PROVIDE BETTER BENEFITS FOR THEIR WORKERS?

- A:**
- Secretary Reich is a provocative thinker, and he wanted to spur debate on what all of us can do to promote corporate citizenship. *But, what I want to focus on right now is another tax idea that Secretary Reich helped promote: the \$10,000 education deduction that is part of our balanced budget plan.* This education tax deduction, together with our proposals to raise the minimum wage, protect the EITC, pass pension and health care portability and revise our entire training programs into a simple voucher given directly to workers, are together a strong economic plan to help ensure that we are taking active steps to ensure that we are rewarding work and increasing economic security by making it easier for workers to keep doing better and better in a changing economy.
 - **One of the key points Secretary Reich makes, is that in today's economy, we need to ensure employability security** -- the security that says that each worker is empowered to be employable at good wages whatever changes they face.

Q: WHAT ROLE DO YOU THINK THE GOVERNMENT SHOULD PLAY IN PROMOTING CORPORATE RESPONSIBILITY?

- A:**
- **Most Importantly, The President Feels Strongly That We Are All In This Together. Each Of Us -- Private Sector and Public Sector -- Has Our Part To Play.** If we look at the larger issue of economic security and economic growth, what the President tried to stress in the State of the Union, is that each of us has our part to play. The government's role in this era is to ensure that we are doing everything possible to help those who take responsibility have opportunity to be winners in the new economy. That means a full-fledged agenda on education and skills so that our citizens have the necessary tools to be economically secure in the global economy; it means helping Americans make transitions in the workforce through pension and health care portability. It means ensuring that work is rewarding -- through EITC and minimum wage. And it means providing the macro-economic conditions and fiscal responsibility we need to grow the economy.
 - **But none of this will do it alone if those in the private sector do not do their part.**
 - **The President Will Lead This National Dialogue.** It is altogether proper and necessary for the President to use his office and persuasion to foster a sense of community and partnership to benefit individuals. That is the role this conference is intended to play.

Q: WHY ARE YOU HOLDING THIS CONFERENCE?

- A:**
- **Highlight Best Practices That Meet The President's Challenges.** The President wants to highlight the best practices of successful corporations that both achieve economic success for their shareholders while investing in the real needs of their employees.
 - **Employers And Employees Both Have A Duty To Do Their Share.** The President has developed an economic plan that asks every person and institution to do their share to help make the American dream available to every citizen. In the corporate setting, he knows that employees have a duty to make their companies more profitable and that employers have a duty to make their employees more valuable through job training and education.

Q: WILL THE CEO PARTICIPANTS BE ASKED TO SIGN-ON TO THE FIVE CHALLENGES OR GOALS THE PRESIDENT LAID OUT IN HIS RECENT SPEECH ON WHAT CONSTITUTES A GOOD CORPORATE CITIZEN?

- A:**
- **No.**
 - **The President will use the power of his office to highlight what he believes corporations should be doing to successfully compete in the world and invest in American workers.** The President genuinely believes we must work together in partnership, and that everyone must see the mutual advantages of employees helping companies be profitable and employers making sure their workforce is secure and ready to face the changing economy.

Q: WILL THE PRESIDENT CHALLENGE THE CEO'S TO LOWER THEIR SALARIES, PARTICULARLY THOSE CEO'S WHO TAKE LARGE BONUSES WHILE LAYING OFF THOUSANDS OF EMPLOYEES?

- **The President is not interested in micro-managing the pay scales of CEO's, even if from time to time they seem disproportionate to the success of a particular company.**
- **However, President Clinton is very interested in beginning a constructive dialogue on ways to make sure that *employees and employers share the gain and the pain together.*** President Clinton is interested in making sure that American companies continue to be the best in the world and that American workers share in the benefits of the prosperity of their companies and the prosperity of our overall economic growth. The President is, however, very interested in making sure that employees and employers share the gain and the pain together. To that end, the President will be interested in conversations at the Conference that address issues such as employee profit-sharing as well as severance pay and other downsizing options.

Q: THE COMPANIES YOU ARE INVITING MIGHT BE MODELS OF SUCCESS, BUT ARE YOU SAYING THAT ANY COMPANY NOT DOING THINGS EXACTLY LIKE THEM ARE NOT GOOD CORPORATE CITIZENS? WHAT ABOUT SMALL COMPANIES WHO MIGHT NOT HAVE THE SAME RESOURCES?

A: This Conference Is About Highlighting Some Of The Best Practices That Are Meeting Our Corporate Citizenship Challenges -- But Not The Only Practices. While we are highlighting some genuine models of good corporate citizenship, we know that thousands of companies share many of the same goals and provide similar role models. *This isn't about good or bad corporations, rather a national discussion about what corporations can do* -- small or large -- to take a look at what works and possibly rethink their own internal strategies for new ways to be competitive and profitable as well as invest in their greatest asset, their workers.

This conference, these companies and the five principles the President has outlined are not a litmus test for success, rather models to strive toward as each company makes its own individual decisions about what it needs to do to compete.

Q: WHY HAS BOB ALLEN OF AT&T -- THE FOCUS OF SO MUCH PUBLICITY ABOUT POOR CORPORATE BEHAVIOR -- BEEN INVITED TO YOUR CONFERENCE ON "CORPORATE CITIZENSHIP"? DOESN'T THAT SEND THE WRONG MESSAGE?

A: *The Fact Is That There Are 2 Distinct Parts To This Corporate Citizenship Day.*

(1) An open, candid breakfast discussion on corporate citizenship with CEOs from all across the spectrum.

⇒ The invitation list for this breakfast was broad, and certainly not exclusionary -- that would miss the point.

⇒ The point of the breakfast is to bring companies together of divergent views and practices to have them discuss with the President and his economic team, and amongst themselves, these issues squarely and, hopefully, learn from each other in ways that can help their companies be both competitive and compassionate in the new economy.

⇒ At this breakfast, we hope Mr. Allen shares his experiences, and vice versa.

(2) A Panel Discussion Highlighting Some Corporations That Are Meeting One or More of the President's Challenges. [Note: Mr. Allen was not asked to be on the panels]

AFL-CIO

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Comments:

There is/are 3 page(s) following this cover sheet.

Please call the following number if you have any questions:

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Our FAX number is 202/508-6946



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TO: The AFL-CIO
FROM: Geoffrey Garin
DATE: May 14, 1996
RE: Survey Findings on the Issue of Corporate Responsibility

We expect to have data by next Monday from an in-depth survey on the issue of corporate responsibility, but the quantitative data from recent polling we have already completed for the AFL-CIO¹ makes several important points on the subject.

First, there is a widespread perception that corporate downsizing has fundamentally changed the rules on American workers. A majority of 53% rate the statement, *"Nobody's job is secure today; downsizing, layoffs, and mergers can cost anyone their job, no matter how good a job they have done for their company"* as a perfect description of today's economy (a "10" on a scale of 1 to 10). This view is shared by citizens of all descriptions, and cuts across all occupational groups.

By way of contrast, only 11% rate the statement, "The economy is in a difficult transition, but more competition and new technologies will eventually create a better economic future" as a perfect description of what's going on.

¹ In-depth telephone interviews with 1,201 adult respondents from the general public, conducted April 19-22, 1996.

Survey Findings on Corporate Responsibility

page 2

Second, 'corporate greed' ranks at the very top of the public's list of factors that are responsible for the nation's current economic problems. Fully 70% rate "corporations have become too greedy" as being very or fairly responsible for the nation's current economic problems—including 53% who say very responsible. "Corporate greed" is the highest ranking item of the thirteen ideas tested on this scale—surpassing other explanations such as "lack of government investment in education and training" (39% very responsible) and "excessive government regulation of business" (27% very responsible).

Third, Americans believe that corporate downsizing is basically an expression of this greed, rather than an expression of economic necessity. We asked respondents to say which of two reasons is the more important explanation of why businesses eliminate jobs or downsize, with the following results.

American companies are choosing to boost short-term profits, stock prices, and executives' salaries, at the expense of their employees	59%
American corporations are doing what they need to compete and survive in a global economy	28%

Fourth, Americans see the problem with corporations as an issue of values, as well as an issue of economics. Three-quarters of the public put a high priority on restoring "the basic values of loyalty, respect, and responsibility to the workplace, so companies that do well share their success with employees and don't abandon those whose hard work helped the company succeed" as a very effective way of improving the economic situation.

Survey Findings on Corporate Responsibility

page 3

Fifth, the biggest shortcoming that American workers see in their own jobs is the unwillingness of their employers to raise wages when profits increase. Three-quarters of all respondents say that raising wages during profitable times is a very important responsibility of employers. But a slight plurality of those who are currently employed (by 44% to 42%) say their employer does not do so.

Sixth, the economic statistic that most aggravates the public is the changing relationship between CEO salaries and the salaries of average workers. Fifty-eight percent respond with a high degree of anger to the fact that "thirty years ago, the average CEO made forty-one times as much as an average manufacturing worker, but today the average CEO makes more than one hundred times what the average worker makes."

The research we are currently completing explores the question of what government can or should do about these issues. In the poll we recently completed, we found that half favor and half oppose the general proposition of passing "new laws that hold corporations to a higher standard of responsibility in the way they treat their employees," *even when given the counter-argument that "government involvement would make business less competitive and cost jobs in the long run."* The follow-up research examines reactions to a variety of more specific policy proposals.

WHITE HOUSE STAFFING MEMORANDUM

2:00p.m.

DATE: 5/14/96 ACTION/CONCURRENCE/COMMENT DUE BY: 5/15/96SUBJECT: Update on Planning For Corporate Citizenship Conference

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	McCURRY	☐	☐
PANETTA	☒	☐	McGINTY	☐	☐
McLARTY	☐	☐	NASH	☐	☐
ICKES	☒	☐	QUINN	☐	☐
LIEBERMAN	☒	☐	RASCO	☐	☐
RIVLIN	☐	☐	REED	☐	☐
BAER	☐	☐	SOSNIK	☐	☐
CURRY	☐	☐	STEPHANOPOULOS	☒	☐
EMANUEL	☐	☐	STIGLITZ	☐	☐
GIBBONS	☐	☐	STREETT	☐	☐
HALE	☐	☐	TYSON	☒	☐
HERMAN	☒	☐	WALLEY	☐	☐
HIGGINS	☒	☐	WILLIAMS	☐	☐
HILLEY	☒	☐	<u>Angell</u>	☒	☐
KLAIN	☐	☐	<u>Jen O'Connor</u>	☒	☐
LAKE	☐	☐		☐	☐
LINDSEY	☐	☐		☐	☐

REMARKS:

Comments to Gene Sperling.

RESPONSE:

THE WHITE HOUSE
WASHINGTON

May 14, 1996

MEMORANDUM FOR THE PRESIDENT
THE VICE PRESIDENT

FROM: LAURA TYSON
ALEXIS HERMAN
GENE SPERLING
KATE CARR

SUBJECT: Update on Planning for Corporate Citizenship Conference

This memo briefly outlines the current plans for the White House Corporate Citizenship Conference you are scheduled to host along with the Vice President on Thursday. A memo on Section 127 is being forwarded to you separate from these background materials. A complete briefing notebook including a "discussion guide" for the panels will be sent to you Wednesday evening.

You should know that media interest in the conference thus far has been quite high and coverage to date has been extremely positive. As you may have seen, *Time* magazine, *Business Week*, and the *USA Today* have run positive stories on the conference this week. [See Attachment 1 for copies of these articles]

I. OVERVIEW.

Thursday's Corporate Citizenship Conference is a key component in your effort to shape the debate on the relationship between companies and their workers. This conference builds upon your State of the Union Challenge for employers and employees to join together in putting long term prosperity in front of short term gain and upon your Xavier University speech, where you outlined five Corporate Citizenship challenges.

While some have called for a regulatory approach to addressing widespread worker anxiety and others have focused on "corporate killers," you forged a more positive path, outlining criteria that could define a good corporate citizen. In your speech to Xavier University on March 23 of this year, you called for this conference so you could convene business leaders whose companies meet one of the following five corporate citizenship challenges:

1. **FAMILY-FRIENDLY WORKPLACES:** *Creating workplaces that allow workers to be both productive workers and caring and responsible family members.*
2. **HEALTH AND RETIREMENT SECURITY:** *Providing the security that a living wage, health care, and pension benefits can give.*

3. **SAFE AND SECURE WORKPLACES:** *Protecting the health and safety of employees through management commitment and employee involvement.*
4. **INVESTMENT IN EMPLOYEES:** *Recognizing that investments in your employees are every bit as important as investing in factories and equipment. Provide broad opportunities for education and training both in and outside the firm, for new skills and advancement.*
5. **PARTNERSHIP WITH EMPLOYEES:** *Giving employees a voice in the workplace and share the burdens and benefits of good times and bad. When restructuring and layoffs are essential to a company's long-term health: be open, be helpful, and be fair. Productive companies need committed employees.*

II. WORKING BREAKFAST.

Participants. More than 110 business leaders are confirmed to attend the working breakfast, scheduled to take place at 8:30 a.m. in the East Room. [See Attachment 2 for a complete list of breakfast attendees]

Table Hosts. Besides YOURSELF and the VICE PRESIDENT, the following Administration officials are slated to attend and host tables:

- | | | |
|------------|----------------|-------------------|
| 1. Rubin | 6. Kantor | 11. Alexis Herman |
| 2. Reich | 7. Rivlin | |
| 3. Lader | 8. Panetta | |
| 4. McLarty | 9. Tyson | |
| 5. O'Leary | 10. Barshefsky | |

The table hosts will report back to you following the breakfast.

Breakfast Program.

- 8:15 a.m. Meeting with 11 CEOs on the Corporate Citizenship Award.
- 8:30 a.m. Receiving Line
- 9:00 a.m. VPOTUS, POTUS Opening Remarks to Breakfast
 - ⇒ Closed Press
 - ⇒ This will give you the opportunity to outline the framework for the ensuing discussions and for you to emphasize that your representatives at each table will be reporting back directly to you with questions and concerns raised at this breakfast.
- 9:10 a.m. Breakfast & Table Discussions
- 9:50 a.m. Open floor to brief general Discussion and Wrap-up
- 10:10 a.m. Breakfast guests depart for Georgetown

III. AWARD.

A group of eleven CEOs (listed below) have come together to explore the development of the Ron Brown Corporate Citizenship Award. John Bryan of Sara Lee and Larry Bossidy of Allied Signal will serve as co-chairs. Based and funded entirely by the private sector, this group will develop the criteria and process by which the award is given. The current plan is for you to announce the award in your opening remarks at the public event.

Award Committee.

- | | | |
|-----|----------------|------------------|
| 1. | Norm Augustine | Lockheed |
| 2. | Ed Woolard | Dupont |
| 3. | Dana Meade | Tenneco |
| 4. | Hank Barnett | Bethlehem Steel |
| 5. | Paul Allaire | Xerox |
| 6. | John Bryan | Sara Lee |
| 7. | John Snow | CSX |
| 8. | Larry Bossidy | Allied Signal |
| 9. | George Fisher | Eastman Kodak |
| 10. | Diane Graham | STRATCO |
| 11. | Ken Chenault | American Express |

Key Points.

The overall goal of the award will be to encourage "best practices" and create a legacy for business honoring those in the community that follow the principles of good corporate citizenship. We have asked that the steering committee consider the following:

- ⇒ Base the criteria on the five Corporate Citizenship challenges you outlined at Xavier University.
- ⇒ Consult with the labor community on criteria for the award.
- ⇒ Have the sitting President present the award on a yearly basis.

Outstanding Issues.

We are currently working with the speechwriters, Counsel, and the Departments of Commerce and Labor to develop acceptable language for announcing the creation of this group at the conference on Thursday.

IV. PUBLIC EVENT.

Overview. Following the breakfast, the conference will reconvene at Gaston Hall at Georgetown University, where you will lead roundtable discussions with two small panels of business leaders whose companies each highlight one of the your Corporate Citizenship challenges and labor representatives from these companies. There will be seven members on each panel.

Panel One. Panel One is designed to highlight exemplary corporate practices in three areas of corporate citizenship -- (1) family friendly practices; (2) health and retirement security and (3) safe and secure workplaces. The central message of this panel is that corporate practices in these key areas reflect a mutuality of interests between corporations and employees.

<u>Principle</u>	<u>Panelist</u>	<u>Company</u>	<u>Union Status</u>
Family Friendly	Ken Lehman	Fel-Pro (CEO)	non-union
Family Friendly	Fran Rogers	Work-Family Directions (CEO)	non-union
Family Friendly	Yvon Chouinard	Patagonia (CEO)	non-union
Safe & Healthy Workplaces	David Jiullani	Optiva (CEO)	non-union
Safe & Healthy Workplaces	Ralph Larsen	Johnson and Johnson (CEO)	small-union
Health and Retirement Security	Roger Ackerman	Corning (CEO)	union
Health and Retirement Security	Larry Benkowski	National Flint Glassworkers (Union President)	union
Health and Retirement Security	Howard Schultz	Starbucks (CEO)	non-union

[See Attachment 3 For Complete Biographical Information On These Companies]

Panel Two. Panel Two is designed to highlight exemplary corporate practices in the two other areas of corporate citizenship -- (4) investment in employees and (5) partnership with employees. The central message is that while there is no single universal approach, American businesses and workers both benefit from a strong emphasis on training and innovative partnerships.

<u>Principle</u>	<u>Panelist</u>	<u>Company</u>	<u>Union Status</u>
Investment in Employees	Michael Plumley	Plumley (CEO)	non-union
Investment in Employees	Jim Henderson	Cummins Engine (CEO)	union
Partnership	Gerald Greenwald	United Airlines (CEO)	union
Partnership	Robert Frey	Cin-Made (CEO)	union
Partnership	Arnold Langbo	Kellogg	union
Partnership	Russell Maier	Republic Engineered Steel	union
Partnership	George Becker	International Steelworkers (Union President)	union

[See Attachment 3 For Complete Biographical Information On These Companies]

GOOD FOR THE BO

At a command performance in Washington, President Clinton asks business

By BILL SAPORITO

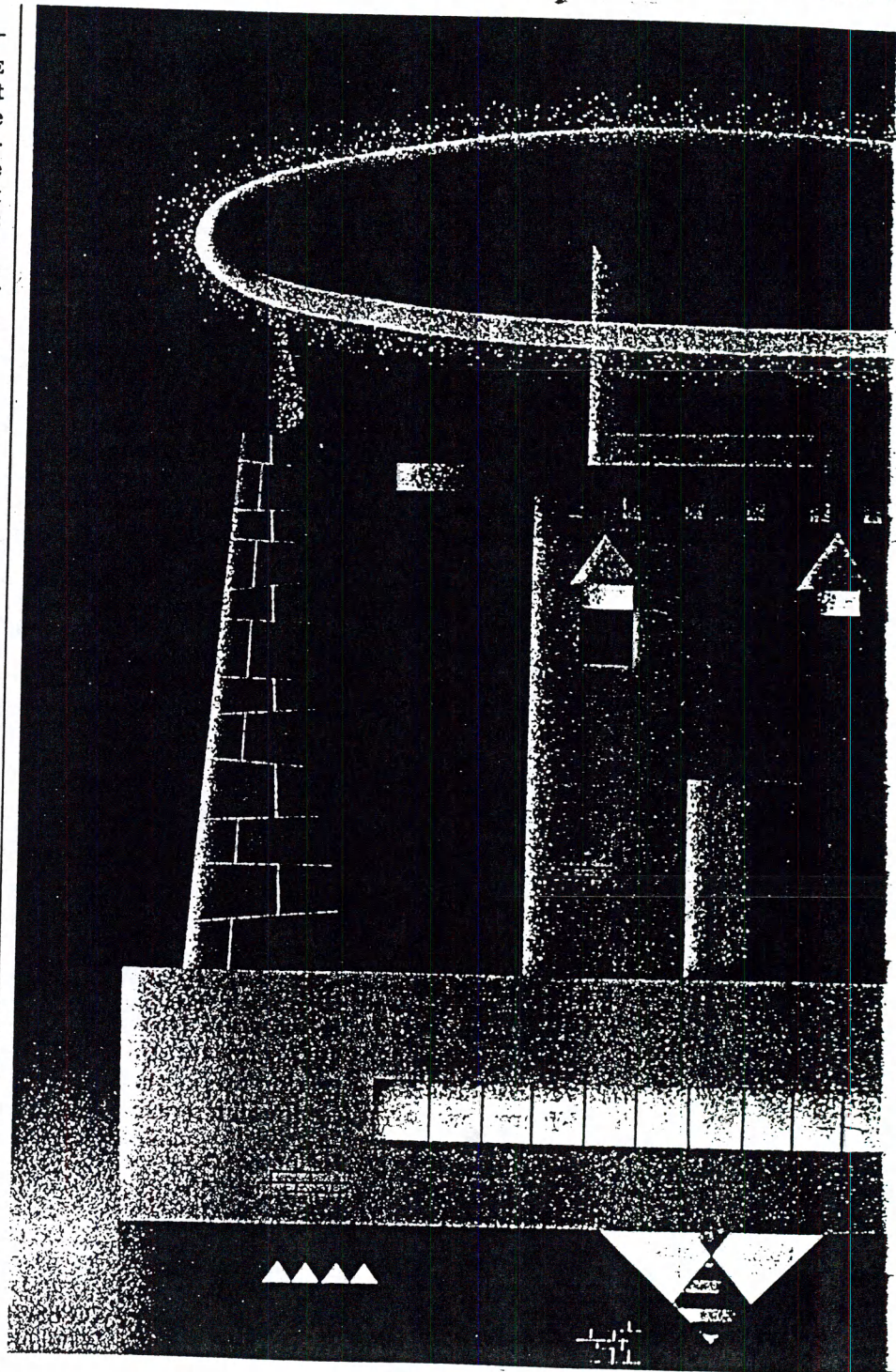
THE PRESIDENT IS CALLING. HE wants you, the big cheese at Megawhiz Amalgamated, to come to Washington to discuss "corporate responsibility." You are thinking, "I need this? Wall Street is screaming for me to slash jobs and increase the stock price; competitors are breathing down my neck; and tort lawyers are cruising the open oceans of commerce like so many U-boats, hoping to catch my logo in their periscopes. And the President wants to discuss responsibility?"

Indeed, he does.

This week the chief Chief Executive has invited the heads of some 60 companies to the White House to raise the c.r. issue. The timing seems a bit odd. The economy is moving along nicely, it seems, and the unemployment rate is a low 5.4%, courtesy of the more than 8 million jobs created, ahem, in the past 3½ years. Yet the anxiety rate among workers, still being spit out in huge numbers by a transforming economy, is high enough to give the Democrats a platform. And Clinton will use it to spotlight corporations—Procter & Gamble, Harley-Davidson, Xerox and Starbucks—that the Democrats believe are "doing well by doing good."

While Clinton will have warm words for the saints, earlier this year business leaders were hearing something else from Secretary of Labor Robert Reich. Until the other Bob, Treasury Secretary Rubin, maneuvered him aside, Reich was an advocate of using the tax code to reward corporations that avoid layoffs by retraining workers, among other things. He also talked about creating a "corporate hall of shame" to pillory the bad guys.

Clinton is more willing to let corporations figure it out themselves. His argument is that in an era of fast technological change and slimmer government, business will profit by embracing a broader mission. In a speech at Xavier University in Cincinnati, Ohio, last March, the President said, "What is the role of business in this new era? It should, first and foremost, do well, make money so you can hire people and



BOTTOM LINE

Business leaders to do more for their workers

contribute. But it should, whenever possible, do well in a way that strengthens families and grows the middle class."

In some parts of the business community, the Administration's interest in the achievements of America's corporations doesn't pass the snicker test. "Chalk it up to election-year politics," says Martin Regalia, vice president for economic policy for the Chamber of Commerce. "They have to have a conference to make up for going so far out on a limb to criticize the business community."

But no one was snickering in February when Republican candidate Pat-the-Populist-Buchanan connected with some voters by lashing out at big corporations. AT&T and its highly paid chairman, Robert Allen, became Buchanan's favorite whipping boys after the company announced a three-way breakup that would eliminate 40,000 jobs.

It's ironic that AT&T should wear the black hat. In its history, AT&T and the telephone Bells were as family friendly and progressive as the New Deal. Telephone families often ran three generations deep. You couldn't blame them for howling; they knew a good thing was ending. Even today AT&T offers a menu of programs that would make any worker's wish list, such as child- and elder-care resource referral services, leaves of absence for parents of newborns and the newly adopted, as well as time off for family care.

In some respects Clinton's message is a little late. Over the past two decades, a number of activist groups, such as the Interfaith Center on Corporate Responsibility and the Council on Economic Priorities, and consumers themselves have persuaded corporations to behave as if they lived in the community. Says Milton Moskowitz, a longtime tracker of corporate behavior and co-author of *100 Best Places to Work in America*: "There are a lot more 'good' companies. Originally, way back, corporate responsibility had to do with an external commitment to the community and philanthropic contributions. Now it's even broader." Says Craig Smith, president of Corporate Citizen, a watchdog group in Seattle: "There has been a dramatic shift. It's less about how much money a compa-

ny gives and more about whether a company offers its intellectual capacities, its technology, and develops programs that focus on what to do to affect society."

Not everyone agrees. There is still a basic free-market argument that business has no business in anything but making money—which of itself will provide plenty of social benefits. One who has made that point for decades is the Nobel prizewinning economist Milton Friedman. Says he: "It was a very fashionable topic some 20 years ago, and then it sort of died down; all of a sudden it has become very fashionable again. I think it is all rhetoric."

While the concept of corporate responsibility isn't new—H.J. Heinz was practicing social welfare in the 19th century—the issue in the modern corporation re-emerged in the 1960s, when activists began targeting outfits such as Dow Chemical and General Electric.

From those confrontations emerged a pecking order of corporate responsibility defined around the concept of stakeholders. These stakeholders include the shareholders—the owners of the company—as well as employees, suppliers, customers and local communities. But in the '80s some of these stakes were crushed in the machinery of mergers or restructuring. Cities lost powerful corporate allies, that were relegated to subsidiary status by headquarters in distant places. In industries such as textiles and steel, plant shutdowns destroyed forever the notion that the company takes care of its own. Steel towns in Pennsylvania, like Duquesne, collapsed when their blast furnaces went cold. Those were thought to be singular events, industrial catastrophes that wouldn't be repeated. But in the harsh global economy, layoffs will not go away.

Even New Age companies formed around feel-good management can't avoid it. In Portland, Oregon, Hanna Andersson, a mail-order retailer and maker of children's clothing revered for its mother-friendly workplace, recently let go 25% of its work force. CEO Gun Denhart had also won kudos for her "Hannadowns" program, in which used Hanna clothing could be returned for a 20% credit toward the next purchase. The used clothing was then donated to homeless children. But rising postal and paper costs took a toll on this company, which last year had chalked up \$52 million in sales.

No one gets lifetime employment anymore, not even at companies like Hewlett-Packard, a visionary \$31.5 billion high-tech firm that makes just about every good-guy list extant. Instead, HP employs a system of redeployment for "excessed" workers. They can hunt for other positions within

the company for 90 days, fully paid and free of job responsibilities. Usually the company will make another job offer. But if an employee decides to leave, he or she still receives a generous severance package.

HP pays at the upper end of the industry scale and provides full health insurance, a discount stock-purchase plan and a cash profit-sharing bonus. The company has offered flex-time for 20 years and has incorporated job sharing, compressed work weeks and telecommuting.

The success of HP and other such companies belies the notion that businesses that are socially responsible can't also be fiscally responsible. In fact, the opposite is true. A business can't do much good if it isn't any good at what it does.

It's no coincidence that these same companies have been able to embrace the leading management trends of the past decade: flat organizations; bottom-up management; empowerment; customer-focused, just-in-time manufacturing, and total quality. These philosophies demand a flexible and dedicated work force not locked in battle with management. As a CEO put it, "This is not do-good stuff. This is the way you make money."

According to Tom Kochan, a professor of management at M.I.T.'s Sloan School, only about 35% of U.S. workplaces have implemented two or more socially responsible measures. These tend to be larger, better capitalized firms rather than small and medium-size companies, where the bulk of U.S. job creation occurs.

That's because many programs have high start-up costs. And, says Kochan, often one or two measures won't be successful. What does succeed is a sustained, company-wide commitment to a model that links many of these practices. He adds, "If firms do these kinds of things, they will get an economic return for their investment and a higher quality work force that is more loyal and productive. It is a virtuous cycle."

It's difficult to think that the business leaders who come to Washington this week will be looking to a Democratic President to tell them how to run their companies. But they will be happy to hang around as the President praises some of their number for progressive management. And in an election year, the President too will be happy to make the point to voters that he is an advocate for the working class.

Businesses have another constituency, of course, one that, given the choice, generally prefers cash to virtue. Happily, in the world of business it is becoming increasingly possible, if not necessary, to get both. —Reported by John F. Dickerson and Adam Zagorin/Washington, Stacy Perman and Jane Van Tassel/New York



DENNIS KESSLER, CO-CEO, FEL-PRO, AND FRIEND

COMPANIES IN THE AUTOMOTIVE INDUSTRY HAVE LEARNED ALL ABOUT DARWINIAN competition in the past decade. Automakers have cut supplier lists by raising quality specifications while squeezing prices. Fel-Pro, a privately held, \$390 million company that makes gaskets, sealants and lubricants for cars, is no different. Some key customers

are asking for price cuts of as much as 20% over the next four years for certain products. Yet the company has maintained an admirable record of being family and worker friendly. "It's more challenging to support the workplace we want to provide," says co-president Dennis Kessler, a fourth-generation part owner of this nearly 80-year-old company in Skokie, Illinois. That harmony goes back to the 1950s, when the company invited worker participation; in the '60s it developed a 220-acre site for a recreation center and in the '70s a summer camp for employees' children. In the '80s the company opened its own day-care center.

Fel-Pro still provides a panoply of benefits and worker-friendly programs: flexible starting times, a profit-sharing plan and a culture that solicits ideas from all the employees. *Working Mother* magazine has put the company on its best-places-to-work list for 10 years running. Says editor in chief Judsen Culbreth: "They have a broader perspective and are very involved not only with their employees but also with the community they work in and in child-care issues across the country."

For instance, Fel-Pro has retained a strong commitment to education: it offers tuition reimbursement to all employees and pays bonuses to those who earn degrees. Lots of companies do. But Fel-Pro's commitment extends to children of employees: the company chips in for tutoring for children with special needs, and college-bound kids get scholarships, increased in 1995 from \$3,300 a year to \$3,500.

Some of these goodies hurt profitability, so the company had to become less generous. But Fel-Pro's return on its long-term investment in people has enabled the company to lower costs and increase market share.

The Business Enterprise Trust, a nonprofit research group whose board members include Warren Buffett, Norman Lear and Katharine Graham, will detail its findings in a book, *Aiming Higher*, to be published in the fall by Amacom Press.

DOING V

No company is perfect, but that set a higher standard

- Fel-Pro retains flexible hours, day care, profit sharing and a camp for kids
- Educational benefits cover both employees and their children
- *Working Mother* rated it a top place to work for past 10 years

CEO JACK STACK OF SRC

SPRINGFIELD REMANUFACTURING CORP. IS BUSINESS PHILOSOPHY as business enterprise, and vice versa. CEO Jack Stack has even published a book, *The Great Game of Business*, that embodies the rules that have governed the company's success as a free-standing business since 1983.

SRC, a profitable, \$100 million outfit, has used "open-book management" as a guiding principle. All employees, from the shop floor to executive office, are given the most vital information about the performance of the company and about their individual jobs: the hourly cost of their labor, inventory levels, expense ratios and whatever else they want.

The company, which rebuilds heavy-duty truck engines for resale, was reborn out of desperation: its then owner, International Harvester, a maker of farm equipment and trucks, was disintegrating, a victim of recession, foreign competition and a poisoned relationship between management and workers.

SRC was sold to a management group led by Stack, an IH veteran and an executive wholly unsuited for the traditional command-control structure of industrial production. And when Stack and 12 other executives took over—mortgaging everything they owned—it occurred to him that SRC itself was

now unsuited for traditional management. He said: "We didn't have time to write mission statements or value statements. Our mission statement was simple: Don't run out of cash."

Stack had to lower costs in a hurry, and he reasoned that an enlightened work force could attack the problems where they happened. So SRC's workers were trained to be able to understand the most minute detail on a balance sheet. They also get detailed reports about the efficiency of the work they do.

This approach is called empowerment. The concept is that in any company the source of its most productive ideas and best service will come from the rank and file, who are closer to the products and the customers.

Management's job is not to dictate but to harness the power below them, and then, please get their high-priced backsides out of the way. Empowerment pays well too, it turns out. At SRC workers can earn as much as a 13% bonus, paid quarterly, if the company meets its targets. Stack says the company is doing better than ever. ■

- "Open-book management" gives employees access to all info about company operations
- SRC has created 22 business spin-offs based on its model
- Now sells its *Great Game* knowledge via workshops, books



WELL BY DOING GOOD

t, but a new study by the Business Enterprise Trust cites 25 firms
ard of protecting stakeholders. Here are three of the very best

COO ROBERT HAAS OF LEVI STRAUSS

LEVI STRAUSS ASSOCIATES IS A REALLY COOL COMPANY, AND A controversial one. Its experiences define the kind of ethical minefield in which a huge (\$6.7 billion in sales), socially aware, global corporation has to tread. Levi's social conscience has a long history: after the San Francisco earthquake of 1906, the company placed newspaper ads to tell employees their jobs survived, even if their workplace had not. The company early and forcefully advocated integration in the early '60s, established ambitious minority-hiring goals in 1967 and was way ahead of the diversity curve—programs from which it can claim competitive advantage.

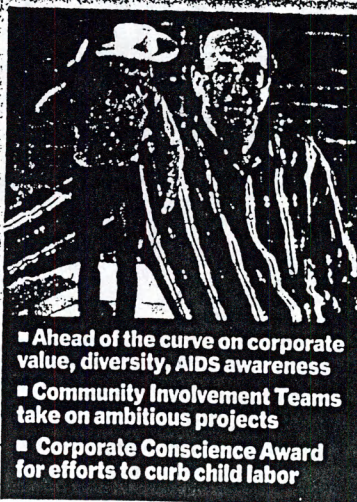
When the company went public in 1971, Levi's wore its heart on its jeans, advising potential investors that it would not sell its conscience with its stock. After the Haas family took the company private again, in 1985, Levi's once more spelled out its beliefs in mission and aspiration statements. Among them was a promise to provide all employees with the chance to grow and advance in an open corporation. But reality caught up with the

company in the '80s. Sales and cost pressures prompted Levi's to take some manufacturing outside the country. In retrospect the company had no choice—low-value manufacturing operations have forever moved to low-cost labor markets. The company shut down a plant in San Antonio, Texas, amid caustic criticism that its dedication to the work force had faded like an old pair of 501s.

Levi's is still high on the list of most c.r. watchers. Says coo Robert Haas: "It's really important to be clear about what your values are. People tend to respond more strongly to values they agree with. And when you do have to take difficult actions, do it

in a way that is most sensitive to the needs of the stakeholders and reduces both the reputational damage and the disruption that is a consequence of whatever action you have to take." The Council on Economic Priorities, which tracks the corporate social and environmental performance of hundreds of companies, gave Levi's a Corporate Conscience Award for International Commitment in 1994 for "unprecedented commitment to nonexploitive work practices in developing countries." —Reported

by J. Howard Green/San Francisco and Stacy Perman/New York



- Ahead of the curve on corporate value, diversity, AIDS awareness
- Community Involvement Teams take on ambitious projects
- Corporate Conscience Award for efforts to curb child labor

ECONOMIC ANXIETY

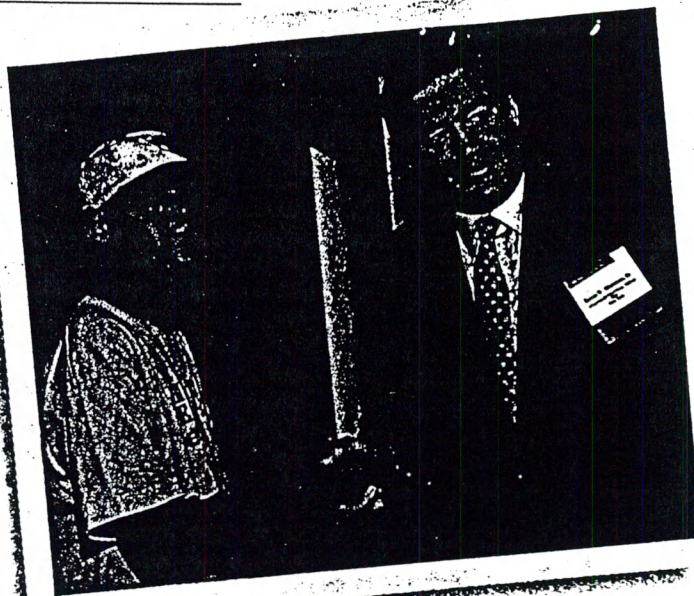
SOUL-SEARCHING TIME IN THE CORNER OFFICE

CEOs ask what they owe employees

We need to reinforce that being good to people, being loyal, are the right things." Thomas J. Moran, chief executive of Mutual of America, was holding forth on "Responsible Corporate Leadership in the 1990s" before 100 executives and academics at a breakfast sponsored by New York City's Baruch College. It was a nicely timed soliloquy, arriving as America grappled with the economic angst perpetrated by its free-market system. Do responsible corporations lay people off? Do they shut factories and raze communities?

Moran talked easily about trust, humanity, and business' obligation "to make its society better." Then someone asked how he would advise AT&T Chairman Robert E. Allen who, having announced 40,000 job cuts, reigns as the current embodiment of corporate evil. No layoffs, Moran said. "No one gets left behind." He paused, then admitted: "I'm glad I'm CEO of this company, and not that one."

How to avoid becoming the next Bob Allen. It's top of mind for many a CEO. But like Moran, few seem sure how far to distance themselves from the shareholder-value-at-any-cost credo of the early '90s. In the face of antibusiness



GLADHANDING: IBM's Gerstner at the Education Summit

fervor that has shown disturbing staying power, executives find themselves balancing an urge to prove their decency with a powerful loyalty to their laissez-faire roots.

JITTERS. The self-doubt will be underscored on May 16, when as many as 100 corporate chiefs troop to Washington for breakfast with President Clinton and his economic advisers. Clinton will urge CEOs to help ease workers' jitters over downsizing. Then, at a conference at Georgetown University, he will spotlight the best "corporate citizens," asking progressive CEOs to share their se-

crets for creating family-friendly workplaces, training employees, and providing good benefits.

No question, Washington has embraced economic anxiety with election-year passion. After simmering for three years, a movement to hike the minimum wage to \$5.15 an hour has acquired political substance—though likely not enough to actually win passage this year. A raft of proposals from Democratic liberals, including Senators Edward M. Kennedy (D-Mass.) and Jeff Bingaman (D-N.M.), aim to reward employers with progressive labor and community relations.

The White House confab won't produce a mandate, much less easy answers to the question of business' role in society. The Administration wants to play to voters' edginess while promoting its record of low unemployment and steady growth. "Without a strong economy, we wouldn't have the luxury to talk about things like corporate citizenship," says a senior White House aide. The upshot: Clinton will gently prod executives, without embracing legislated solutions that would complicate the tax code and further burden companies.

Even so, the guys in corner offices remain wary of public opinion. Executives such as IBM's Louis V. Gerstner Jr. and BellSouth's John L. Clendenin loudly advertised their do-good participation in the National Governors' Association's Education Summit in late March. And in each of the year's biggest merger announcements, managers have taken pains to downplay the role of lay-

Window Dressing Or Real Anxiety Potions?

EMPLOYER INITIATIVES

LAYOFFS? US? Nynex and Bell Atlantic have aggressively and publicly said that their merger won't require massive job cuts. Aetna and U.S. Healthcare promised much the same.

CITIZENSHIP Corporations trumpeted their participation in the National Governors' Assn. Education Summit, pointing to financial and service commitments to the nation's schools.

NEW SPIN The National Association of Manufacturers and the Business Roundtable have produced studies to prove an abundance of good jobs; the Council on Economic Development, a group of executives, concurs.

GOVERNMENT RESPONSES

HIGHER PAY The long-simmering debate on raising the minimum wage has hit the front burner, becoming a contentious talking point for the November elections.

PERSUASION President Clinton will host up to 100 top executives on May 16 for a summit on corporate social responsibility. No mandates are likely—just some comforting reassurances.

FORCE BUSINESS' HAND A range of proposals from Congress and the Administration would reward employers that act responsibly. The measures haven't gone far.

offs; Nynex Chairman Ivan G. Seidenberg personally assured Labor Secretary Robert B. Reich that job cuts resulting from his company's combination with Bell Atlantic Corp. would be limited. "It's interesting that these companies would make such announcements," Reich says. "It is almost as if the audience has changed [to the public]."

Why, if the threat of punitive government action is so remote? Ego plays a part: "Top executives are driven in very large part by what is seen as acceptable in their community," says Peter D. Cappelli, a management professor at the University of Pennsylvania's Wharton School. More to the point, a corporation's image is worth big money. Public outrage can depress sales, encourage unionism, or block expansion plans.

NOT SO BAD. At best, though, relief from layoffs is likely temporary. Outplacement consultants Challenger, Gray & Christmas Inc. expect that companies will throttle job cuts through the election. After that, says executive vice-president John A. Challenger, "the beat will go on." Indeed, when challenged at Boeing Co.'s Apr. 29 annual meeting on his decision to hire 8,200 new workers this year after cutting 12,600 jobs in 1995, CEO Philip M. Condit told shareholders simply: "We are a capital-goods supplier operating in a cyclical industry. We have done a lot to moderate those cycles, but we can't stop them."

And that, business argues, is not so terrible. The National Association of Manufacturers, the Business Roundtable and the Committee for Economic Development, a group of senior executives, all have released studies recently asserting that the economy is creating new jobs of increasingly high quality. Those papers are echoed by the White House Council of Economic Advisers, which on Apr. 23 reported that 68% of the job growth since February, 1994, occurred in industry and occupational groups paying above-median wages. The CEA also noted that job displacement appears to have declined since 1993.

So it was all a bad dream? Well, no. The economy has, in fact, produced 8 million new jobs in the current expansion. But the trauma Americans feel as they confront an ever-more-open, less regulated capitalist system is very real. Ultimately, business won't do much to ease the pain. "You don't unleash wolves and ask them to behave like sheep," says Edward Luttwak, a fellow at the Center for Strategic & International Studies. He's right, but it's not the answer Americans will want to hear.

By Keith H. Hammonds in New York, with Paul Magnusson, Susan B. Garland, and Mike McNamee in Washington

Clinton's goal: Kinder, gentler corporations

But some say call to CEOs is government intrusion

By Susan Page
USA TODAY

Hours before Bell Atlantic and Nynex were to announce their huge telecommunications merger, Nynex Chairman Ivan Seidenberg was on the phone trying to track down Labor Secretary Robert Reich.

Near midnight, he finally found him, rousing Reich from a sound sleep at a country inn in North Carolina.

Seidenberg said he wanted to reassure him that the companies would do their best to minimize layoffs and retrain displaced workers, causes Reich has championed.

"I believe and hope that there is a new sensitivity on the part of CEOs to public opinion and to the concerns that so many Americans have about the potential loss of jobs," Reich says. "The business community seems to be responding to the theme of corporate responsibility."

"Corporate responsibility" is the mantra for a White House trying to walk a fine line: addressing workers' economic unease without adopting controversial tax and trade policies advocated by some on both the political left and right.

The White House Conference on Corporate Citizenship, set for May 16, will bring together dozens of CEOs to hear the president praise companies that have outstanding records as good corporate citizens.

The session also is designed for executives to exchange ideas about programs aimed at creating "family-friendly" companies, upgrading employees' job skills and forging workplace partnerships.

The president thought it was important to talk with corporate leaders about what they are doing or could do or could learn from one another about what to do to be good corporate citizens — in other



Tyson: Message to CEOs is to 'do good and do well'

words, to do good and to do well at the same time," says Laura D'Andrea Tyson, head of the National Economic Council.

"This is really to have a conversation with them."

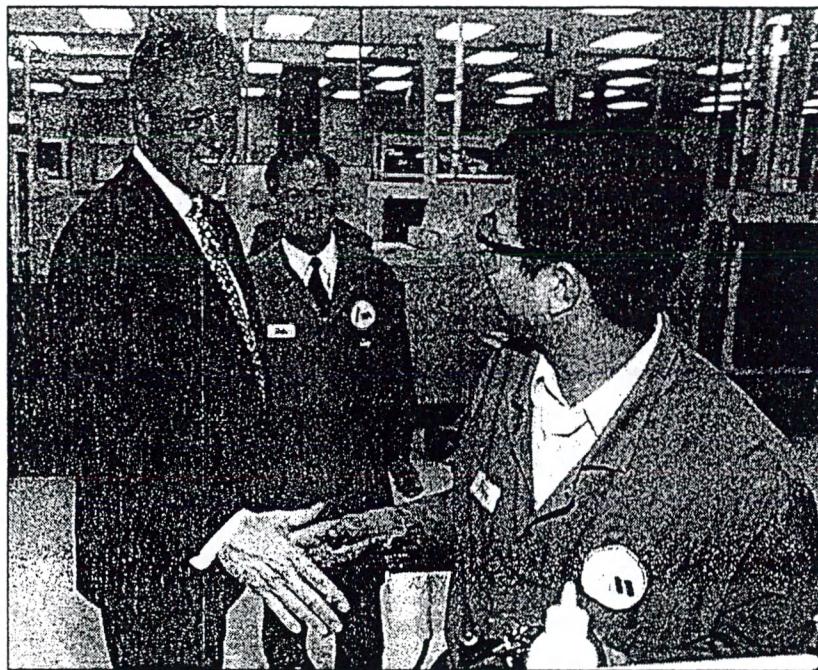
Not everyone approves. "It's evidence of this administration's desire for government to control the private economy," Republican National Chairman Haley Barbour says. "They tried that over in Russia."

The conference has raised the hackles of some business leaders who say the president has no role in dictating what obligations corporations have to their workers.

Some also suspect that the conference is an election-year gimmick to court executives and reassure anxious voters.

"Is this an opportunity to try to position yourself with various constituencies and look like you're responding to the concerns of the country?" asks Jeffrey Joseph of the U.S. Chamber of Commerce. "Do I sense an election somewhere?"

Jerry Jasnowski, president of the National Association of Manufacturers, says he has "very mixed feelings" about



Reaching out to business: President Clinton greets Elvis Tran of Harman International Industries, an electronics manufacturer, during a March visit to Los Angeles.



By Tim Dillon, USA TODAY

"The business community seems to be responding to the theme of corporate responsibility."

— Robert Reich,
Labor secretary

the conference.

"It's both good and a diversion in certain ways," he says. "The administration ought to be putting its primary emphasis on government responsibility to get its house in order."

Several company executives debated whether it was appropriate

to attend the White House event. But White House aides say others tried to wrangle invitations as a sort of presidential seal of approval for their corporate practices.

Administration officials say corporate behavior already has begun to change since alle-

gations of ruthless worker-battered downsizing brought a spate of public attention and fueled Pat Buchanan's angry presidential crusade early this year.

In January, for instance, AT&T announced it was cutting 40,000 jobs. Some market analysts say the company calculated the largest possible number to impress Wall Street and drive up its stock price.

But in recent weeks, executives announcing a series of big mergers — Nynex and Bell Atlantic, Pacific Telesis and SBC Communications, Aetna Life & Casualty and U.S. Healthcare — took pains to minimize the potential effect on workers.

"The rhetoric has definitely changed," says Margaret Blair, a Brookings Institution scholar who studies corporations. "Whether the reality underneath that is changing, I don't know."

UP TO THE CHALLENGE

President Clinton has outlined five challenges that he says contribute to corporate responsibility. He singles out these companies for praise:

1. Establish 'family-friendly' policies

Example: Procter & Gamble — Offers up to a year of maternity leave and up to five years of reduced work hours for new parents. Subsidizes child care.

2. Provide access to health care and retirement

Example: Starbucks — Provides health insurance for employees, unlike many similar businesses.

3. Offer training and education

Examples: Harley-Davidson — Sets up basic reading, writing and math instruction at on-site learning centers.

United Technologies — Offers tuition aid and half-time off for workers who return to school for any degree program.

4. Form partnerships with employees

Examples: Harman International — Created a new business called Ole, for Off Line Enterprises, that uses scrap materials to let employees design products and sell them.

Synergy — Trimmed workforce by 10% this year without layoffs by offering early retirement incentives and generous severance packages.

5. Provide a safe workplace

Example: Motorola — Conducts safety training programs not required by the government; injury rates are 70% below industry average.

Letters of invitation to the White House conference, sent out Thursday, say the forum will focus on five "corporate citizenship challenges":

► Creating "family-friendly" workplaces that help employees balance job and home.

► Offering adequate wages, health care and pensions.

► Supporting education and training programs.

► Forming partnerships so workers "have a voice in the workplace and share the burdens and benefits of good and bad times."

► Providing safe and secure workplaces.

Clinton and his chief economic policymakers will meet with the CEOs at a White House breakfast. Then Clinton and Vice President Gore will lead panel discussions at Georgetown University.

The conference originally emerged as a compromise between clashing views within the administration.

Reich has advocated using

tax policy to reward "good" corporate behavior, an idea that brought protests from Tyson and Treasury Secretary Robert Rubin. They say that the government shouldn't pick corporate winners and losers and that changes in the tax code almost always have unintended consequences.

Besides, they say, the economy is fundamentally strong, and talk of economic angst is overblown. Good news on first-quarter economic growth and unemployment in recent days may have bolstered their case.

But critics, including some congressional Democrats, complain that the administration's approach is too timid to protect workers' interests.

"The only thing that balances private power is public power," says Sen. Bill Bradley, D-N.J. "You could convince some people to do things on the basis of your own persuasiveness or willpower or jawboning skills, but my guess is that you need to put some teeth into it."

BUSINESS RESPONSIBILITY LIST

I, I2, I3 = Invitation sent YESB= Will attend breakfast only

YES = Will attend all events NO = Declined invitation

LAST NAME	FIRST NAME	TITLE	COMPANY	CITY	ST
Ackerman	Roger	Chairman & CEO	Corning Inc.	Corning	NY
Aldinger	William	President & CEO	Household International, Inc.	Prospect Heights	IL
Allen	Robert E.	Chairman & CEO	AT&T	Basking Ridge	NJ
Armstrong	Judy	President	ADA Technologies	Englewood	CO
Augustine	Norman	President and CEO	Lockheed Martin Corporation	Bethesda	MD
Bajaj	Kavelle	CEO	I-NET	Bethesda	MD
Barnette	Curtis H.	Chairman and Chief Executive Officer	Bethlehem Steel Corporation	Bethlehem	PA
Baumgardner	Dwane	Chairman of the Board and CEO	Donnelly Corporation	Holland	MI
Beall	Donald	Chairman & CEO	Rockwell International Corporation	Seal Beach	CA
Bijur	Peter	Vice Chairman	Texaco Inc.	White Plains	NY
Binder	Gordon M.	CEO and Chairman of the Board	AMGEN	Thousand Oaks	CA
Boreham	Roland	Chairman of the Board	Baldor Electric	Ft. Smith	AR
Bossidy	Lawrence A.	Chairman & CEO	Allied-Signal, Inc.	Morristown	NJ
Bowlin	Michael	Chairman & CEO	ARCO	Los Angeles	CA
Bryan, Jr.	John H.	Chairman	Sara Lee Corporation	Chicago	IL

For Breakfast

All Confirmed

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LAST NAME	FIRST NAME	TITLE	COMPANY	CITY	ST
Buntrock	Dean	Chairman & CEO	WMX Technologies Inc.	Oak Brook	IL
Burd	Steven A.	President and CEO	Safeway Inc.	Oakland	CA
Burns	M. Anthony	Chairman, President & CEO	Ryder Systems, Inc.	Miami	FL
Burt	Robert N.	Chairman and CEO	FMC Corporation	Chicago	IL
Cain	Linda	Co-Owner	Cain Travel	Boulder	CO
Campbell	Robert H.	Chairman, CEO, and President	Sun Company, Inc.	Philidephi a	PA
Cash	R.D.	Chairman, President, and CEO	Questar Corporation	Salt Lake City	UT
Chambers	Merle C.	President and CEO	Axem Resources, Inc.	Denver	CO
Checchi	Alfred	Co-Chairman	Northwest Airlines	St. Paul	MN
Chouinard	Yvon	Chairman & CEO	Patagonia	Ventura	CA
Coleman	Elizabeth	Chairman of the Board	Maidenform	Atlanta	GA
Correnti	John D.	Vice Chairman, President, and CEO	Nucor Corporation	Charlotte	NC
David	George	President & CEO	United Technologies Corporation	Hartford	CT
Davis Jr.	Emmet	President and CEO	Davis and Floyd Engineers	Greenwood	SC
Deavenport, Jr.	Earnest W.	Chairman & CEO	Eastman Chemical Company	Kingsport	TN

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LAST NAME	FIRST NAME	TITLE	COMPANY	CITY	ST
Denhart	Gun	Founder	Hanna Andersson Corporation	Portland	OR
Dunn	Robert		Business for Social Responsibility	San Francisco	CA
Feuerstein	Aaron	CEO	Malden Mills Industries	Lawrence	MA
Fish	Lawrence K.	Chairman, President, and CEO	Citizens Financial Group, Inc.	Providence	RI
Fisher	George	Chairman, President and CEO	Eastman Kodak Company	Rochester	NY
Foos	Richard	CEO	Rhino Records	Los Angeles	CA
Frey	Robert	President & CEO	Cin-Made	Cincinnati	OH
Gifford	Charles K.	Chairman and CEO	Bank of Boston	Boston	MA
Giuliani	David	President	Optiva Coporation	Bellevue	WA
Golden	Mark	President	Golden Artist Colors	New Berlin	NY
Golub	Harvey	Chairman & CEO	American Express Company	New York	NY
Goodrich	Mike	President and CEO	BE&K Inc.	Birmingham	AL
Gorman	Joseph T.	Chairman & CEO	TRW Inc.	Cleveland	OH
Gorman	Leon A.	President	L.L. Bean	Freeport	ME
Graham	Diane		STRATCO, Inc.	Leawood	KS
Green	Steven	Chairman & CEO	Samsonite Corporation	Washington	DC

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LAST NAME	FIRST NAME	TITLE	COMPANY	CITY	ST
Greenwald	Gerald	Chairman & CEO	UAL Corporation	Chicago	IL
Hannan	Phyllis	President	Laser Light Technologies	Hermann	MO
Harman	Sidney	Chairman and CEO	Harman International Industries, Inc.	Washington	DC
Harmon	James	Chairman	Schroders Wertheim & Co.	New York	NY
Harper	Kevin	President and CEO	Autumn Harp	Bristol	VT
Hastings	Donald F.	Chairman and CEO	Lincoln Electric	Cleveland	OH
Henderson	James	Chairman & CEO	Cummins Engine Co., Inc.	Columbus	IN
Hendricks	John	Chief Executive Officer	Discovery Communications, Inc.	Bethesda	MD
Hirshberg	Gary	President and CEO	Stonyfield Farm, Inc.	Londonderry	NH
Hohn	Harry G.	Chairman of the Board and CEO	New York Life Insurance	New York	NY
Holland, Jr.	Robert	President and CEO	Ben and Jerry's Homemade, Inc.	South Burlington	VT
Hord	Noel	CEO	Nine West	Stanford	CT
Hough	Lawrence A.	President	Sallie Mae	Washington	DC
Hubka	Rachel	President	Rachel's Bus Company	Chicago	IL
Irani	Ray R.	Chairman, President & CEO	Occidental Petroleum Corporation	Los Angeles	CA
Johnson	Thomas S.	Chairman,	GreenPoint Bank	Flushing	NY

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LAST NAME	FIRST NAME	TITLE	COMPANY	CITY	ST
		President, and Chief Executive Officer			
Kurz	Herbert	President and CEO	Presidential Life	Nyack	NY
Landgraf	Kurt	President and CEO	Dupont-Merck Pharmaceutical Company	Wilmington	DE
Langbo	Arnold	Chairman & CEO	Kellogg Company	Battle Creek	MI
Larsen	Ralph	Chairman and CEO	Johnson & Johnson	New Brunswick	NJ
Lay	Kenneth	Chairman & CEO	Enron Corporation	Houston	TX
Lear	Norman	Chairman of the Board	Act III Communications	Los Angeles	CA
Lee	Charles	Chairman and CEO	GTE Corporation	Stamford	CT
Lehman	Kenneth	Chairman & CEO	Felpro	Skokie	IL
Lewis	Loida	Chairman & CEO	TLC Beatrice International Holdings, Inc.	New York	NY
Lichtenberger	H. William	CEO and Chairman	Praxair	Danbury	CT
Lorch	George A.	President, Chairman, and CEO	Armstrong World Industries Inc.	Lancaster	PA
Madonna	Jon C.	Chairman	KPMG Peat Marwick	New York	NY
Maier	Russell	CEO	Republic Engineered Steel	Massillon	OH

BUSINESS 1 POSSIBILITY LIST

I, I2, I3 = Invitation sent YESB= Will attend breakfast only

YES = Will attend all events NO = Declined invitation

LAST NAME	FIRST NAME	TITLE	COMPANY	CITY	ST
Malott	Thomas	President & CEO	Siemens Energy and Automation, Inc.	Atlanta	GA
Mason	Linda	President	Bright Horizons Children's Centers	Cambridge	MA
Masters	William	President and CEO	Perception, Inc.	Easley	SC
Maury	Samuel	President	The Business Roundtable	Washington	DC
Mead	Dana G.	Chairman & CEO	Tenneco	Grenwich	CT
Mills	Helen	Senior Vice President	Aon Consulting	Fairfax	VA
Montrone	Paul	President & CEO	Fisher Scientific International, Inc.	Hampton	NH
Notebaert	Richard	Chairman & CEO	Ameritech	Chicago	IL
Orr	James F.	Chairman and CEO	UNUM Corporation	Portland	ME
Perlman	Lawrence	Chairman & CEO	Ceridian Corporation	Minneapolis	MN
Plumley	Michael	CEO	Plumley Companies	Paris	TN
Resch	Richard J.	CEO and President	KI/Krueger International	Green Bay	WI
Roberts	Bert	Chairman and CEO	MCI Communications	Washington	DC
Rogers	James E.	President and CEO	Cinergy Corporation	Cincinnati	OH
Rohatyn	Felix	Senior Partner	Lazard, Freres and Company	New York	NY
Rosenbluth	Hal	CEO and	Rosenbluth	Philadelphia	PA

BUSINESS RESPONSIBILITY LIST

I, I2, I3 = Invitation sent YESB= Will attend breakfast only

YES = Will attend all events NO = Declined invitation

LAST NAME	FIRST NAME	TITLE	COMPANY	CITY	ST
		President	International	ia	--
Samarazijaya	Mahasen	Chairman & CEO	Interface Data Systems, Inc.	Phoenix	AZ
Schultz	Howard	Chairman	Starbucks Coffee Company	Seattle	WA
Schwartz	Bernard	Chairman & CEO	Loral Corporation	New York	NY
Seidenberg	Ivan G.	Chairman and CEO	NYNEX Corporation	New York	NY
Senkler	Robert L.	President and Chief Executive Officer	Minnesota Mutual Life Insurance Company	St. Paul	MN
Sklar	Eric	CEO	Burrito Brothers, Inc.	Washington	DC
Smith	Frederick	Chairman, President & CEO	Federal Express Corporation	Memphis	TN
Snow	John W.	Chairman, President & CEO	CSX Corporation	Richmond	VA
Stafford	John R.	Chairman, President & CEO	American Home Products Corp.	Madison	NJ
Surpin	Rick	President	Cooperative Home Care Associates, Inc.	Bronx	NY
Sweeney	John	President	AFL-CIO	Washington	DC
Taylor	Wilson	President, Chairman and CEO	Cigna Corporation	Philadelph ia	PA
Thomas	Dee		Ewing and Thomas, Inc.	New Port Richey	FL
Toller	William	Chairman	Witco Corporation	Greenwich	CT

BUSINESS RESPONSIBILITY LIST

I, I2, I3 = Invitation sent YESB= Will attend breakfast only

YES = Will attend all events NO = Declined invitation

LAST NAME	FIRST NAME	TITLE	COMPANY	CITY	ST
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Tooker	Gary	Vice Chairman & CEO	Motorola, Inc.	Schaumburg	IL
Weill	Sanford	Chairman & CEO	Travelers Group Inc.	New York	NY
Wicks	Judy	Founder	White Dog Enterprises	Philidelpi a	PA
Woolard, Jr.	Edgar S.	Chairman of the Board	Du Pont	Wilmington	DE
Yasinsky	John B.	Chairman & CEO	Gencorp, Inc.	Fairlawn	OH
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Count: 110

DRAFT

Fel-Pro Incorporated

CEO: David Weinberg

Location: Skokie, IL

COMPANY BACKGROUND: Fel-Pro is a third-generation, family-owned automotive supply (including lubricants, adhesives, and gaskets) manufacturer in Skokie, Illinois. The company has annual Operating Revenues of \$268 million and 1,700 employees, and a history of consistent profitability with 40 consecutive years in the black.

CORPORATE CITIZENSHIP PRINCIPLE: Family-Friendly Workplaces

Fel-Pro complements a strong salary package and profit-sharing with solid health insurance (the company pays 85% of every employee's premium) and a host of unique benefits: Every baby born to a Fel-Pro family is greeted with a \$1,000 savings bond and a pair of engraved baby shoes. When ready to travel with Mom or Dad to work, the company offers on-site childcare for \$90 per week (a 60% subsidization). At school age, Fel-Pro will reimburse 80% of the cost of hiring a tutor for a child having trouble in school and runs an eight-week day camp in the summer. Beginning at age 17, youth are eligible for summer employment and an automatic college scholarship of \$3,500 per year. Upon college graduation, the company sends a gift of \$500 to the new grad. Not surprisingly, such practices -- as well as the company's elder care program and on-site wellness center -- have fostered an atmosphere of mutual loyalty with a substantial payoff: a turnover rate of less than 1%. And, at about \$0.70/hour per employee, Fel-Pro points out that providing these benefits is affordable. As a result, both *Working Mother* magazine and *Levering* routinely list Fel-Pro in its Top 10 favorite companies, and it was a 1994 recipient of the Business Enterprise Award.

CEO PROFILE: Kenneth Lehman is co-CEO of Fel-Pro. Mr. Lehman is active in community and industry activities and has received numerous awards and recognition including the National Women's Political Caucus "Good Guy" Award in 1995 and Automotive Man of the Year in 1991. Mr. Lehman is a former Peace Corps volunteer and graduate of Northwestern and Johns Hopkins Universities.

DRAFT

Patagonia

CEO: Yvon Chouinard

Location: Ventura, CA

BACKGROUND DATA: Patagonia is a manufacturer and distributes outdoor wear, started as a manufacturer of climbing equipment in 1974. The privately-held company had 1995 sales of roughly \$150 million and 550 employees. The company devotes the greater of 10% of pre-tax profits or 1% of sales to environmental causes.

CORPORATE CITIZENSHIP PRINCIPLE: Family-Friendly Workplaces

Patagonia offers excellent maternity and paternity leave: four months, including eight weeks at full pay. Extended also to adoptive parents, this is one of the most generous packages in the country. Back at work, new parents have access to two on-site child care centers and are permitted five sick-child days per year. In addition, the company accommodates workers' lives outside the job via job sharing, work-at-home opportunities, flextime, and compressed workweeks. To top it off, the company has an excellent record of promoting women, with females holding more than half of the highest-paying jobs, including that of the President. The company has been recognized in the "Top 100" by both Working Mother magazine and Levering, and is, according to DOL's Wage and Hour Administration, a garment industry "Trend Setter."

In addition, Patagonia offers an example of how "contagious" good corporate citizenship can be. After the tragic fire at Malden Mills in Lawrence, MA -- a major supplier of synthetic fleece -- Patagonia quickly announced that the disruption in supply would not produce any Patagonia layoffs. Noting the 15-year relationship between the two companies, Patagonia announced its commitment to getting Malden Mills back on its feet.

CEO PROFILE: Yvon Chouinard is the founder of Patagonia in Ventura, California. An avid outdoorsman and rock climber, Mr. Chouinard began his business in 1962, with a one-page mail order rock climbing equipment catalogue. Today it is a highly successful manufacturer of outdoor sports equipment and clothing. Mr. Chouinard is active in environmental pursuits-- 1% of the company's sales go to environmental projects and initiatives.

Optiva Corporation

CEO: David Giuliani

Location: Bellevue, WA

COMPANY BACKGROUND: The Optiva Corp., a high-tech dental care company founded in 1988 by CEO David Giuliani with a group of research scientists from the University of Washington, is the designer and manufacturer of the sonicare toothbrush. The company's innovative electronic toothbrush that uses high-frequency vibrations to remove bacteria was considered a market breakthrough at its introduction -- achieving profitability within the first year of market introduction -- and has reaped enormous sales and profits for the small privately-held company. The company has grown from a handful of employees and zero sales in 1992 to 300 employees and annual sales of \$60 million today.

CORPORATE CITIZENSHIP PRINCIPLE: Health and Pension Benefits

Despite its small size, Optiva offers solid health and pension benefits to its workers. All full time employees receive stock options -- beginning on the worker's first anniversary -- and the right to participate in the company's 401(K) matching fund. Both full and part time workers receive full or partial health benefits. In addition, Optiva provides free assistance for mental health and drug and alcohol counseling, as well as free child care referral and legal consultations. Full time employees receive 100% reimbursement for tuition and books to further their educations (any employee working at least 3/4 time receives at least partial reimbursement). Finally, the company offers flexible work schedules, augmented by a leave program which places vacation and sick leave into one pool, thus providing workers with maximum flexibility for time off. These are the type of policies that resulted in Optiva's recent nomination as one of Washington state's top 25 places to work.

CEO PROFILE: David Giuliani is Chairman, CEO, and founder of Optiva Corporation. He is a graduate of the University of California and Stanford University.

Johnson & Johnson

CEO: Ralph Larsen

Location: New Brunswick, NJ

COMPANY BACKGROUND: Johnson & Johnson is a large, publicly-traded, diversified manufacturer of a variety of health care products. The company has 38,000 employees in the U.S. J&J's 1995 worldwide sales were \$18.8 billion.

CORPORATE CITIZENSHIP PRINCIPLE: Safety

Johnson & Johnson has a model safety and health program. At each plant there is a specialized staffperson dedicated to this function. These professionals oversee an extremely effective program premised on employee involvement, that includes training, enforcement and in-depth incident investigations. Their program also includes what is recognized as one of the best wellness programs (Live for Life) in the country. And it pays off: Johnson & Johnson's lost workday injury rate is well below industry average and still improving.

One example of the workplace safety innovations at Johnson & Johnson is its ergonomic program. This program included comprehensive surveys, engineering design changes, administrative controls, employee training, and wellness programs. Partially as a result of these actions, the company has seen a decline in serious repetitive motion disorders.

Johnson & Johnson is also family-friendly, with more on-site child care centers than any other company in America. Still, the company has contracted with three national child care companies to give the company's domestic employees a 10% discount at affiliated centers nationwide. In a pilot project, the company has also established a network of seven licensed family day care providers in New Jersey. J&J subsidizes these providers' fees on a sliding scale based on family income, so that employees can choose the kind of care that best suits their needs. These are the types of efforts that have placed the company on *Working Mother* magazine's list of the "100 Best Companies for Working Mothers" for all ten years of the list's existence. This year's list called it "a role model for corporate America." Finally, J&J is a member of the 21 company American Business Collaboration which has devoted \$100 million to child and elder care.

Johnson & Johnson offers some of the best health benefits around, offering a full palette of HMO, PPO, POS and indemnity plans with a maximum monthly premium for single coverage of \$13.75, including dental care. Similarly, the company has a strong retirement plan, including a 75-cents-on-the-dollar match for the first 6 percent of salary contributed to a 401(K). As a result, the company has been recognized by the Levering "100 Best Companies to Work for in America," the Women's Bureau Honor Roll, the *Business Ethics* "100," and *MONEY* magazine's "Top 10 Companies with the Best Benefits."

CEO PROFILE: Ralph Larsen is Chairman of the Board and Chief Executive Officer of Johnson & Johnson. Mr. Larsen has spent most of his professional career with J&J, rising to CEO in 1989. Mr. Larsen is also a member of the Board of Directors of Xerox Corporation, the New York Stock Exchange, AT&T Corporation and the U.S. Committee for UNICEF. Mr. Larsen serves as a vice chairman of the Business Council and co-chairman of The Business Roundtable.

DRAFT

Corning, Incorporated

CEO: Roger Ackerman

Location: Corning, NY

COMPANY BACKGROUND: Corning, Inc. is a large (39,200 employees), publicly-owned manufacturer of fiber optics, plastic, pyrex, etc. The company's workers are represented by the American Flint Glass Workers Union and had (1994) Operating Revenues of \$4.8 billion. Corning is a recent winner of the Malcolm Baldrige Award.

CORPORATE CITIZENSHIP PRINCIPLE: Safety

Corning's General Machine Shop has been approved by OSHA as a VPP Star site and enjoys injury rates well below (30%) the industry average. And performance is improving: since formalizing their safety and health program ten years ago, the company's accident frequency rate has dropped from 12.0 to 6.0. And in 1995, they had no lost workday cases. Employee participation is key to this effort, including the creation of self-directed teams. Each team's performance evaluation includes safety issues, such as OSHA incidents and rule violations, and self-directed onsite inspections. When a hazard is identified, a specific team member is assigned responsibility and held accountable. In addition, team members that review new equipment purchases to ensure that they meet safety and health criteria. This system has worked so well that team members are now visiting neighboring businesses to make presentations about the effectiveness of high performance work teams.

The company is also very family-friendly, as evidenced by its inclusion on *Working Mother* magazine's list of the "Top 100 Best Companies for Working Mothers" and the Levering "100 Best Companies to Work for in America." Corning offers: four near-site childcare centers; sick-child care, after-school and holiday programs; adoption assistance; tuition assistance for children of employees (\$222,000 in 1994); and flextime. Benefits are available to part-time workers (over 20 hrs/week) and include health insurance (65% of premium).

Corning has established a partnership with the American Flint Glass Workers Union that is recognized as a model of labor-management cooperation. Together, the union and Corning management have undertaken the development of innovative workplace practices in each Corning facility. Their partnership agreement calls for the establishment of joint labor/management steering committees in each plant, and stated formal objectives to promote employment security. Corning is also exceptionally strong in training, spending 3.9 percent of payroll (1992) and averaging 92 hours per employee/per year.

CEO PROFILE: Roger Ackerman is the newly named Chairman and CEO of Corning Inc., replacing Jamie Houghton. Mr. Ackerman has spent most of his professional life in various executive positions at Corning, including President, Specialty Glass and Ceramics Group and President and CEO of MetPath Inc, a wholly-owned subsidiary of Corning. Mr. Ackerman is active in community and business organizations including membership on the Executive Board of the National Association of Manufacturers. A graduate of Rutgers University and Harvard Business School, Mr. Ackerman is active in university affairs at Rutgers, Alfred University, and the University of Illinois.

DRAFT

Starbucks

CEO: Howard Schultz

Location: Seattle, Washington

COMPANY BACKGROUND: Starbucks is a large importer, roaster, and retailer of specialty coffees. From a small 4-store chain in 1982, the company has grown to 9,000 employees today.

CORPORATE CITIZEN PRINCIPLE: Health and Pension Benefits

Starbucks has been widely recognized for its practice of offering full health insurance benefits to its part-time workers. The benefits package is available to all employees who work more than 20 hours/week, after 90 days of employment. The health insurance costs workers \$375 per year and covers 90-100% of their medical costs with a \$10 copay.

In addition, Starbucks offers all employees (called "partners") the opportunity to join its 401(k) plan after one year with the company. The company matches employee contributions 25 cents on the dollar up to a maximum of 4% of earnings. In 1990, Starbucks became the first privately held company in North America to offer equity to employees in the form of annual stock options (called "bean stock") to full and part-time employees after one year of service. Depending on company profitability, the value of these options can range from 0% to 14% of employee earnings. The company also has its "S.I.P." program, Starbucks' Stock Investment Plan, which allows employees to purchase company stock via payroll deduction at a 15% discount. For these practices, Starbucks was a 1994 recipient of the Business Enterprise Award and enjoys a turnover rate one-third lower than that of other companies in the specialty retail trade.

CEO PROFILE: Howard Schultz is Chairman and CEO of Starbucks Coffee Company and has been with the multi-national specialty coffee retailer and roaster since 1982 (with a brief hiatus in 1986 to start a chain of Italian-style espresso bars). In 1992, Mr. Schultz received the CARE Humanitarian Award and in 1993, Starbucks became the largest corporate donor to the organization. In 1995, he received the Business Enterprise Trust Award for social vision in business. Mr. Schultz is a graduate of Northern Michigan University.

Plumley Companies, Inc.

CEO: Michael Plumley

Location: Paris, TN

COMPANY BACKGROUND: The Plumley Companies, Inc., is a family-run manufacturer of high-quality rubber components for the automotive and marine industries. Founded in 1967 by Harold Plumley, the company has sales of almost \$140 million with 1400 employees in four states. Almost 15% of sales are exports.

In February 1995 the Plumley Companies merged with Dana Corporation to become a wholly-owned subsidiary. Dana is a global manufacturer of automotive components with sales of \$7.5 billion.

CORPORATE CITIZENSHIP PRINCIPLE: Training

Plumley Companies is proof that small companies know the value of investing in employees as well. In order to upgrade its equipment and compete in the global marketplace, Plumley found that it needed to upgrade the skills of its workers. The company employs a full-time education staff and offers free instruction in each of its seven plants. On average, Plumley employees undergo approximately 40 hours of training per year. In addition, the company offers remedial education, GED courses, and a variety of professional certifications including Certified Quality Technician and Certified Quality Engineer. Such professional certification is rewarded: all CQTs get a \$500 bonus; all CQEs get an immediate raise of \$100 per month. For employees interested in furthering their education at the college level, Plumley fully reimburses tuition for all courses passed with a grade of C or higher. These investments are paying off. Since the inception of the program ten years ago, productivity and wages have increased substantially.

Employees benefit directly through a gainsharing plan and raises based on training in quality techniques. Mike Plumley firmly believes as well that a higher level of skills and training makes his employees more loyal to the company -- as well as improving the productivity and quality of the products. Plumley is recognized as having one of the lowest defect rates in the industry, and won Tennessee's Quality Award in 1993, 1994, and 1995. Plumley Companies received the Labor Department's award for excellence in employee training, and the Presidential "E" Award for Excellence in Exporting.

CEO PROFILE: Michael A. (Mike) Plumley is Chairman and Chief Executive Officer of the Plumley Companies. He has been with the business -- family owned until last year -- for 24 years. During his eight years as Chairman and CEO, the company has more than doubled in size and continues to expand its automotive parts business world-wide. He was selected as the 1991 Rubber Industries Executive of the Year, from among 1200 companies. He presently is the Chairman of the Volunteer State's Tennessee Quality Award.

DRAFT

Cummins Engine Company, Inc.

CEO: J.A. (Jim) Henderson

Location: Columbus, Indiana

BACKGROUND DATA: Cummins Engine is a leading worldwide designer and manufacturer of fuel-efficient diesel engines and related products. (Cummins is the world's largest manufacturer of diesel engines over 200 hp.) The company was founded in 1919, and in 1995 reported net sales of \$5.2 billion and employed more than 24,000 people worldwide. In 1996, the company ranked 253rd on the Fortune 500.

CORPORATE CITIZENSHIP PRINCIPLE: Partnership with Employees

Cummins' historic commitment to partnership with its employees and to high levels of training and investment intensified during a painful overhaul of the company. During the late 1980s and early 1990s, Cummins was struggling as sales of heavy-duty diesel engines fell off and jobs were eliminated. (Cummins is squarely back on its feet today.) While employees felt the sting with unpaid time-off and pay cuts of up to 5 percent, top officers led the way with a cut of 10 percent. Layoffs were avoided wherever possible through early-retirement programs. Said one worker who left during this period: "It's tough to be let go for economic reasons, but if you have to get fired, this is a great place to get fired from."

Partnership with employees is evident in the "team" system in place in several key factories worldwide. Team members are encouraged to work together to improve efficiency and overall plant operations. There is also a strong emphasis on training, with employees expected to have approximately 100 hours of training per year.

This commitment to partnership is reflected in Cummins' labor agreements. In 1993 Cummins signed an unprecedented 11 year contract with the Diesel Workers Union, with the company guaranteeing a certain minimum number of hours worked per year, while reducing the number of job classifications from 11 to 3.

Cummins' commitment to solid, compassionate, profitable workplace policies is not new. The longtime CEO, J. Irwin Miller (retired in 1977, and a 1992 Lifetime Achievement Award Winner by the Business Enterprise Trust) was praised by Martin Luther King as "the most progressive businessman in America." His 1975 insights on corporate leadership are deeply ingrained in the company: "I can't go out and build an engine. I am dependent on all these people. So an aspect of leadership which is not commented on today is -- in the best sense -- the leader as servant of a large constituency. And if he understands leadership in those terms and consistently pursues it, he's going to make a lot of money over a very long period of time. This is not do-good stuff for the sake of do-good stuff. This is the way you make money."

CEO PROFILE: Jim Henderson is Chairman and Chief Executive Officer of Cummins and has worked at the company since 1964.

DRAFT

United Airlines, Inc.

CEO: Gerald Greenwald

Location: Chicago, IL

COMPANY BACKGROUND: United Airlines in the nation's No. 1 airline and has outperformed most of its rivals by gaining market share, posting higher operating margins, and demonstrating larger stock gains. United Airlines serves 152 airports in 30 countries and operates a fleet of 543 aircraft. Its major hub airports are at Chicago; Denver; San Francisco; Washington, DC; London; and Tokyo. The company is majority-owned by its 83,000 workers, through an Employee Stock Ownership Plan. Company revenues in 1995 reached nearly \$15 billion.

CORPORATE CITIZENSHIP PRINCIPLE: Partnership with Employees

United Airlines is the nation's largest employee-owned company. In 1994, employee groups (except the flight attendants) completed a \$5 billion purchase of 53 percent of UAL stock. Following 4 consecutive years of losses, United's management sought a concessions-for-equity transaction as a way to lower costs and become more competitive with an array of low-fare, no-frills airlines. Employee groups will accept annual pay cuts of 8.25 percent to 15.7 percent over a 5-year period, in exchange for stock in the company. In 1995, labor costs were estimated to have been reduced by \$511 million and will amount to \$600 million in later years. By the year 2000, labor savings are estimated to total \$5.18 billion. Earnings in the year 2000 are expected to be \$300 million higher than they would have been without the employee buyout. By accepting short-term concessions, the employee/owners are looking to the promise of long-term gains and enhanced prospects for employment security.

Employees are now treated as -- and act as -- legitimate owners of the company. During discussions for the purchase of USAir, CEO Gerald Greenwald sought union leaders' input (as he's done from the beginning with his creation of a half-dozen employee "task teams" to study process improvements). They recounted numerous failed airline mergers caused, in large part, by the inability to combine union seniority lists. Greenwald listened to all recommendations, and then decided to reject the bid. Other examples of employee partnership include: 1) an employee team with members from seven departments that tested the company's new innovative electronic ticketing system; 2) a new airplane designed by Boeing that incorporated suggestions from United employees; and numerous other examples.

The experiment in worker ownership has worked. In the eighteen months since the employee buyout, United has reduced its costs, improved its efficiency (up 11%), reduced employee complaints (down over 50%), improved on-time performance, and increased profit margins (up 7.5%) and market share (adding 1% of the market). And these gains haven't come by scaling back. Over the same period, United has hired 7,000 employees, their stock has risen by 120 percent, and revenues have increased by 7 percent from last year to reach \$14.9 billion.

CEO PROFILE: Gerald Greenwald, former Vice-Chairman at Chrysler, succeeded former United CEO Stephen Wolf. Greenwald studied economics and labor on a Princeton University scholarship and spent a summer as an organizer for the garment worker's union.

DRAFT

Cin-Made Corporation

CEO: Robert (Bob) Frey

Location: Cincinnati, Ohio

COMPANY BACKGROUND: Founded in 1902, Cin-Made is a small, unionized, manufacturer of cardboard cans and tubes for niche packaging -- teas, cookies, home gardening, and agricultural products. Cin-Made's current CEO, Bob Frey, purchased the company in 1984 "when it was a dying company with 34 employees in a mature industry," and repositioned it into specialty niches while adding international markets (15% of sales are exports). Today, the company has approximately \$6 million in annual sales and 54 employees.

CORPORATE CITIZENSHIP PRINCIPLE: Partnership with Employees

CEO Bob Frey emphasizes that "we teach people how to make more money." At Cin-Made all the employees own the business outcomes, and all employees are expected to manage the business. In return, the company features open book management and sharing of the financial returns through a 35% pre-tax profit sharing, and an employee administered, skill based pay system. There are no first-line supervisors --workers manage many of these decisions, including hiring of fellow workers, scheduling of their own hours, and ordering of raw materials and scheduling of production and inventory.

The partnership between the employees (represented by the Paperworkers Union) and management was the result of a realization that "it's time we changed our work habits in order to improve the company's competitive position and also to preserve our jobs." After initial skepticism, worker management relations have completely changed. In 1984, there was a strike. Ten years later, Local 989 president Joyce Bell said that Cin-Made employees "could not ask for a better place to work."

The company also offers extensive training opportunities to its frontline workers, including courses in pricing and costing, leadership, and strategic planning. In addition, employees receive a great deal of on-the-job skills training which emphasizes cross-training in multiple skills. Through the company's Employee Education Program, Cin-Made pays employee tuition for a variety of outside training programs including trade school courses, leadership courses, and labor-management training programs. For Cin-Made workers pursuing degree programs, the company pays up to 75 percent of educational costs dependent on the achievement of a satisfactory course grade. The company has also instituted an innovative merit-pay system, jointly administered by the company and its union, through which 95% of workers have received additional pay for acquiring advanced skills. All of this focus on skills is paying off: on-time deliveries have increased over the last five years from 74% to 98%.

CEO PROFILE: Robert (Bob) Frey is president and principal owner of Cin-Made and its two affiliated companies. Bob's companies are known for their innovative people management and profit-sharing concepts. During 1995 Bob was named one of the Innovative 50 leading American manufacturers, and has been featured in numerous articles and books. He participated in the 1993 Future of the American Workplace Conference sponsored by the Labor and Commerce Depts.

DRAFT

Kellogg Co.

CEO: Arnold G. Langbo

Location: Battle Creek, MI

COMPANY BACKGROUND: Kellogg Co. is the world's largest cereal maker and also makes more cereals, toaster pastries, frozen waffles, and frozen pies than any other company in America. Kellogg's Battle Creek, MI, headquarters has approximately 2,400 production employees and 1,400 administrative and sales personnel. There are also manufacturing facilities in Lancaster and Muncy, PA; Omaha, Nebraska; Memphis, TN; and San Leandro, CA; as well as in London and Rexdale, Ontario, and in 15 countries overseas. Approximately 10,000 people are employed outside the United States. The American Federation of Grain Millers has represented Kellogg employees since 1937, and they do so at every single Kellogg's cereal plant in the United States.

CORPORATE CITIZENSHIP PRINCIPLE: Partnership with Employees

Kellogg maintains a strong family atmosphere that spans generations. People tend to join Kellogg and stay for life, and many employees are related to one another. Husband and wife teams make up about 10 percent of the company's workforce in the Battle Creek headquarters. When you pass your 25th anniversary with the company, you are automatically enrolled in the Kellogg 25-year club, which in 1991 counted 4,700 members, of whom 3,500 were retirees. It's commonplace to see employees who have put in 35, 40, and 45 years with the company. Once workers decide to retire, the company provides supports to individuals who require financial help. Kellogg has established a trust fund for retirees that provides financial assistance when needed. Since it was set up in 1944, the fund has paid out more than \$10 million to retirees in need of help.

When downsizing has been unavoidable, Kellogg has offered displaced employees assistance. In 1990, the company had its first layoff in history. 160 white-collar employees were laid off, but Kellogg helped to cushion the blow through a vigorous out placement effort that included an exit package that typically gave departees 12 weeks' pay and one week's pay for every year of service. During this time period, officers took a 50 percent cut in bonuses--and there were reductions all the way down the line.

CEO PROFILE: Canadian-born Arnold G. Langbo began his Kellogg career in 1956 as a salesman in the company's Vancouver facility.

Republic Engineered Steels

CEO: Russell W. Maier

Location: Massillon, Ohio

COMPANY BACKGROUND: Republic Engineered Steels was formed in 1989 when its employees, using an Employee Stock Ownership Plan, purchased the Steel Bar Division of LTV Steel. The purchase was initiated jointly by the United Steel Workers and division management. Republic is one of the largest employee-owned companies in the United States.

Republic is a specialty bar steel producer with approximately 5000 employees-owners operating ten plants in six states. In Fiscal 1995 the company shipped approximately one million tons of steel, with revenues of \$805 million. Employees are represented by the United Steel Workers of America. The company issued stock to the public in 1995, but remains 58% employee-owned.

CORPORATE CITIZENSHIP PRINCIPLE: Partnership with Employees

Republic has been a leader in changing the nature of the workplace in a unionized, heavy manufacturing setting, creating effective partnerships between management and employees. Both employee ownership and an innovative work/pay system are key. Republic is majority employee-owned and is developing creative ways to increase the wages of its workforce. In addition to profit-sharing, the company has implemented a "Target 60" project which is designed to save the company \$60 million in waste and production costs by using employee suggestions. And 50% of the savings will be passed along to workers. Every time the company reaches a predetermined dollar amount in savings, all Republic employees will receive an hourly pay increase. If the goal is reached, pay increases will amount to \$3 per hour.

The company has also been an innovator in developing team-based, self directed work practices. The 'H-1 Committee', consisting of top executives, union leadership, plant managers, and salaried representatives, drives a cooperative management-union decision making process. In a number of plants, such as one of its Gary, Indiana facilities, the work system was created by a joint design team of management officials, union leaders and hourly workers. Self-directed work teams limit the need for direct supervisors, with hourly workers serving as team leaders.

Republic provides training and other educational opportunities for its employees dealing with aspects of both the ESOP and the overall goals of the company. In their \$3.5 million ESOP Education Program, which is sometimes termed "Economics 101," courses are offered to all employees, including the CEO. Some examples of topics include: how to read a profit and loss statement; discussion of common vs. preferred stock; and a primer on Republic's daily operations. Continuing training and education of employees also is emphasized. Republic invests over \$4 million each year on training and employee education. It recently commissioned a state of the art steel making facility, in connection with which it spent roughly \$5 million to train the employees who work there.

CEO PROFILE: Russell W. Maier (pronounced MYER) is a native of Massillon, Ohio, and joined Republic Steel in 1960 as an industrial engineer. Following the 1984 merger of Republic Steel and J&L Steel, in 1989 Mr. Maier led the successful employee purchase of the Steel Bar Division. Today Mr. Maier serves as Chairman and CEO.

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Per 3 rev
consult w/ labor

The rec. =
Potus says
12 ppl volunteered
to do this

AGENDA May 14, 1996

1. Section 127

- House Ways and Means Mark-up
- Extention
- Small business credit

2. Breakfast Format

- Discussion and remaining invitation issue

3. Panel Format

- Remaining issues and Team Act

4. Award:

- worker perspective

5. Presidential Remarks

- message and tone

Q is do we move on this?
if yes - 3 options
1 increase # 5250 to bigger (10,000)
2 extend 127 offer small biz credit
3 extend 127 offer 1yr retroactive -
House wants to extend only for undergraduates
→ downside = encourages em to talk abt. other govt policies w/ TEAM.

- Alexis says she's been central to say it's all "best practices"

Alexis - private sector based awarded

legally we can't be in biz of

putting together structure of award

- Potus wants Thuns. conven-to go => Thuns

to keep challenge - keep looking at best practices

- similar to Peshing award

- so initially wanted 3 corp folks to figure the award

- we asked: (1) criteria base criteria (5)

(2) consult org labor

(3) putting POTUS has app to make the award

- 1st CEO - George Fisher - suggested RHB

John Bryant } asked em to put
Larry Bassel } together a grp

- they suggested ppl; he did; came

up w/ 10-12 ppl to convene to

figure out a process - in 6 mos

report back to Potus on where it is

Alexis talked to John to explain it...

He was ok w/ it

she said she'd get back on what

we were doing on Thuns

he's most concerned w/ event

GS - need placeholders - words abt working w/

ees -> b not just APC -> can get by Thuns

Paul Marie

Dora Meade

John Brown

Bosley

Gege Fister

Ed Wood Dept

Dore Gark

Volunteered person who is acting

Alexis will call John to figure out
some "words" on the list
(who?)
ees will be involved

CONFIRMED PANELISTS -- 5/14/96 - 2:00 p.m.

PANEL ONE

Fel-Pro	non-union
Patagonia	non-union
Optiva	non-union
Johnson and Johnson	some small union
Corning	union
Starbucks	non-union

PANEL TWO

Plumley	non-union
Republic Engineered Steel	union
Cummins Engine	union
Cin-Made	union
Kellog	union

Peter D. Hart Research Associates, Inc.

1724 Connecticut Avenue, N.W.
Washington, D.C. 20009
202-234-5570
202-232-8134 FAX

TO: The AFL-CIO
FROM: Geoffrey Garin
DATE: May 14, 1996
RE: Survey Findings on the Issue of Corporate Responsibility

We expect to have data by next Monday from an in-depth survey on the issue of corporate responsibility. but the quantitative data from recent polling we have already completed for the AFL-CIO¹ makes several important points on the subject.

First, there is a widespread perception that corporate downsizing has fundamentally changed the rules on American workers. A majority of 53% rate the statement, *"Nobody's job is secure today: downsizing, layoffs, and mergers can cost anyone their job, no matter how good a job they have done for their company"* as a perfect description of today's economy (a "10" on a scale of 1 to 10). This view is shared by citizens of all descriptions, and cuts across all occupational groups.

By way of contrast, only 11% rate the statement, "The economy is in a difficult transition, but more competition and new technologies will eventually create a better economic future" as a perfect description of what's going on.

¹ In-depth telephone interviews with 1,201 adult respondents from the general public, conducted April 19-22, 1996.

Survey Findings on Corporate Responsibility

page 2

Second, 'corporate greed' ranks at the very top of the public's list of factors that are responsible for the nation's current economic problems. Fully 70% rate "corporations have become too greedy" as being very or fairly responsible for the nation's current economic problems—including 53% who say very responsible. "Corporate greed" is the highest ranking item of the thirteen ideas tested on this scale—surpassing other explanations such as "lack of government investment in education and training" (39% very responsible) and "excessive government regulation of business" (27% very responsible).

Third, Americans believe that corporate downsizing is basically an expression of this greed, rather than an expression of economic necessity. We asked respondents to say which of two reasons is the more important explanation of why businesses eliminate jobs or downsize, with the following results.

American companies are choosing to boost short-term profits, stock prices, and executives' salaries, at the expense of their employees	59%
American corporations are doing what they need to compete and survive in a global economy	28%

Fourth, Americans see the problem with corporations as an issue of values, as well as an issue of economics. Three-quarters of the public put a high priority on restoring "the basic values of loyalty, respect, and responsibility to the workplace, so companies that do well share their success with employees and don't abandon those whose hard work helped the company succeed" as a very effective way of improving the economic situation.

Survey Findings on Corporate Responsibility
page 3

Fifth, the biggest shortcoming that American workers see in their own jobs is the unwillingness of their employers to raise wages when profits increase. Three-quarters of all respondents say that raising wages during profitable times is a very important responsibility of employers. But a slight plurality of those who are currently employed (by 44% to 42%) say their employer does not do so.

Sixth, the economic statistic that most aggravates the public is the changing relationship between CEO salaries and the salaries of average workers. Fifty-eight percent respond with a high degree of anger to the fact that "thirty years ago, the average CEO made forty-one times as much as an average manufacturing worker, but today the average CEO makes more than one hundred times what the average worker makes."

The research we are currently completing explores the question of what government can or should do about these issues. In the poll we recently completed, we found that half favor and half oppose the general proposition of passing "new laws that hold corporations to a higher standard of responsibility in the way they treat their employees," *even when given the counter-argument that "government involvement would make business less competitive and cost jobs in the long run."* The follow-up research examines reactions to a variety of more specific policy proposals.

DRAFT....DRAFT...DRAFT....DRAFT....DRAFT....DRAFT....DRAFT....

May 14, 1996

MEMORANDUM TO

FROM:

SUBJECT: Options on Section 127

Background:

You inquired about what our policy should be on Section 127; an employee deduction for employer-paid education expenses. As you know, employees can deduct the cost of education expenses that maintains or improves skills required for the worker's current job. These expenses generally include the costs of tuition, books, laboratory fees, and similar items. Section 127 offers an additional tax incentive: it allows workers to exclude from taxable income education expenses -- up to \$5,250 per year -- that improve skills not directly related to a worker's current job.

Your FY 1994 budget proposed making section 127 permanent, but OBRA 1993 only extended it through December 31, 1994. This tax credit has currently expired, and has not yet been extended.

Rather than including an explicit extension of section 127 in our 1997 budget proposal, we proposed that we work together with the Republicans to extend and find offsets for the following "extenders": section 127, the R&E tax credit, targeted jobs tax credit, orphan drugs and deductions for appreciated stock contributed to private foundations.

You should know that the House Ways and Means Committee marked up a tax bill today that includes an extension of section 127 through the end of 1996. This provision, however, does not allow for employees to deduct the costs of employer-paid graduate education. We strongly disagree with this provision because the evidence clearly shows that a college degree is no longer enough to ensure employability security. Therefore, we ought to be encouraging graduate education, not discouraging it.

Decisions:

The purpose of this memo is to provide you options on section 127. The basic threshold question you face is whether we support continuing with our current budget approach -- which calls for us to work with the Republicans on all the extenders -- or do we make a specific proposal to extend section 127 separately along with appropriate offsets.

If you think we should extend section 127 independently of the other extenders, the next issue is whether there is a means to strengthen or expand section 127. This memo provides three additional options beyond a simple extension:

- **Option 1:** Separately extend Section 127.
- **Option 2:** Increase the dollar limit of excludable expenses under section 127.
- **Option 3:** Allow educational expenses as an employee benefit in cafeteria plans.
- **Option 4:** Provide a new education and training credit for small businesses.

Option 1: Separate Extension of Section 127: It should be pointed out that everyone on your economic team supports extension of section 127. Exclusion of employer-paid educational assistance is consistent with your overall agenda to increase investments in education and training, so that our labor force is better educated and more able to adapt to changing technologies and market conditions. Labor points out that numerous studies have found that (1) company provided training can have significant positive effects on the future earnings of workers who receive it; and (2) firms that invest in training their workers have substantially higher productivity than those that do not.¹

Firms currently under-invest in education and training since they do not receive all of the benefits from the worker's increased skills. Firms may be reluctant to invest in training because of employee turnover: if the new skills will be valuable to other employers, firms risk having well-trained employees hired away by other businesses. As a result, investments in training that can only be used at the given firm are more attractive to firms than investments in training that can be used throughout the economy. Extension of section 127 would help address this externality.

¹ For example, Lynch and Black (1995) find that raising the average educational level in a firm by one year increases productivity by 5 to 13 percent. In addition, those firms that provide computer skills to workers have significantly higher productivity -- particularly in the non-manufacturing sector. Bartel (1994) found that firms that introduced formal training programs after 1983 experienced a 19 percent larger rise in productivity by 1986 on average than firms which did not introduce a training program. A variety of studies (e.g., Lynch, 1994) indicate that employer-provided training raises wages by as much as 12 percent.

Therefore, the question you face is whether or not we should call for an extension of section 127 separately from the other extenders at this time. On this, there is some division on your economic team.

Pros:

- Education is so central to your core economic message, and your corporate citizenship message, that there is a strong reason to give this extender special treatment by calling for its separate extension.
- Extension of section 127 would complement the Administration's proposal for deducting tuition payments, without allowing taxpayers to double-dip.
- Extension of section 127 would help simplify the tax code because excluding employer-paid assistance for education -- unrelated to the employee's current job -- eliminates the problem of precisely defining "job-related" education expenses.
- If we were to extend section 127, we could administratively improve the provision and determine that education provided as a severance benefit is covered. In the current debate about downsizing, this new twist could be an important way to lower the costs of education and training to displaced workers (when they may be especially concerned about income loss, but still need to invest in new skills).
- Extending section 127 has widespread support from the business community and education groups. As the *Wall Street Journal* reported last week, the American Payroll Association -- a trade group representing 13,000 businesses and individuals -- was urging people to flood Congress with phone calls in favor of extending the provision.

Cons:

- Extending section 127 would require a revenue-raising offset. Extending section 127 permanently (effective January 1, 1996) would cost \$4.7 billion between 1996-2002. A temporary extension through 1997 (effective January 1, 1996) would cost \$1.2 billion between 1996-2002. It should be noted that a temporary extension would discourage some employers from adopting educational assistance programs.
- If your tuition tax deduction were enacted, the revenue estimates of extending section 127 would be affected. Along with your tuition tax deduction, extending section 127 permanently (effective January 1, 1996) would cost \$3.5 billion between 1996-2002. A temporary extension through 1997 (effective January 1, 1996) would cost \$1.0 billion between 1996-2002.

- A proposal to extend section 127 separately would be interpreted by many in the business community as a sign that the Administration was backing away from its announced support for extending the R&E credit and could be greatly resented. The business community, particularly high-tech firms in California and elsewhere, strongly supports extension of the R&E credit.
- Based on survey data for years during which section 127 was in effect, only 1 to 1.5 million employees are likely to benefit from the provision. Managerial, technical and professional employees of medium and large firms in goods-producing industries would be disproportionately represented among beneficiaries.

Note: One other possible modification of section 127 would be to retroactively extend it to include 1995. Some workers participated in these programs in 1995 expecting amounts to be excluded and employers did not withhold taxes on amounts but did render W-2s that include the amounts. Since the 1995 filing season is over, it would be complicated to permit workers to file amended returns. Alternatively, employees could receive a special, above-the-line deduction in 1996 for 1995 educational expenses paid by employers, but this would require special reporting by employers.

Option 2: Increase the dollar limit of excludable expenses under section 127. This option would extend section 127 and increase the dollar limitation. The \$5,250 limit was set in 1986. An inflation adjustment would bring it to \$7,725 in 1997. And that new limit could be automatically indexed to inflation. Alternatively, the prior law limit (\$5,250) could be indexed beginning in 1997.

Pros:

- This option has essentially all of the same pros as option 1.
- Raising the limit would restore the real value of the exclusion and increase the incentive for businesses to invest in worker's skills.

Cons:

- This option has essentially all of the same cons as option 1.
- Permanently extending section 127 (effective January 1, 1996), increasing the dollar limit to \$7,725, and indexing it thereafter would cost \$5.5 billion between 1996-2002. A permanent extension of section 127 including indexing the \$5,250 limit effective January 1, 1996 would cost \$5.0 billion between 1996-2002.
- If your tuition tax deduction were enacted, the revenue estimates of extending section 127 would be affected. Along with your tuition tax deduction, extending section 127 permanently (effective January 1, 1996), increasing the dollar limit to

\$7,725, and indexing the dollar limit thereafter would cost \$4.1 billion between 1996-2002. A permanent extension of section 127 including indexing the \$5,250 limit effective January 1, 1996 would cost \$3.7 billion between 1996-2002.

- Most beneficiaries of extending and expanding section 127 would be more highly paid, managerial, technical, and professional employees.
- The increased dollar limit would be quite generous relative to the costs of education in public institutions.

Option 3. Extend section 127 and allow educational expenses as a cafeteria plan benefit.

Pros:

- This option has essentially all of the same pros as option 1.
- Would make educational benefits available to workers eligible for cafeteria plans but whose employers are unwilling to provide educational assistance at an added expense.

Cons:

- This option has all of the same cons as option 1.
- The additional cost of including educational assistance in cafeteria plans would be \$6.5 billion between 1996-2002 (assuming section 127 was extended permanently).
- Some employers who would otherwise offer section 127 plans as an employer-paid benefit might drop those plans and simply inform employees that educational assistance is available only through the cafeteria plan as a benefit that would reduce an employee's salary.
- Employers who currently hire a lot of students would want to establish cafeteria plans that offered educational assistance and cash as the only benefits. Students could then shelter most of their income and employers would reduce social security tax liabilities. This would create an incentive for hiring students rather than other young workers.
- Noncompliance risks could be higher with cafeteria plans than with section 127 plans.

- This change to cafeteria plans would create obstacles to future proposals to reform cafeteria plans.

Option 4: Extend section 127 and provide credit for small businesses. In addition to the availability of section 127, employers with average receipts over the prior three years of \$10 million or less would be allowed a 10-percent credit with respect to amounts paid to third parties for employee education and training under a section 127 plan. The employer's deduction would be reduced by the amount of the credit.

Pros:

- The delegates to the White House Conference on Small Business strongly recommended legislation to provide tax incentives to small businesses to fund workforce training programs; the training recommendation was one of the Conferences top priorities.
- Small employers under-invest in employee training that has the spill-over effect of benefiting employees in a job with a subsequent employer. A credit would encourage small employers to offer additional training; their employees are more likely to be low-income and under-trained than the employees of large firms.
- This credit would apply to virtually all firms with less than 100 (or 500?????) employees.
- The credit would encourage smaller firms to turn to community colleges and other outside training suppliers, which may be more efficient suppliers of training.
- The additional cost of the small business training credit would be \$0.2 billion between 1996-2002 (assuming section 127 was extended permanently).
- Linking the credit to section 127 limits potential abuse, such as payments for hobby- and sports-related courses. Section 127's nondiscrimination requirements help to ensure that the credit is not taken primarily in connection with education for owners, their relatives, or other highly compensated employees.
- To the extent small firms stepped up their training efforts, it would tend to reach more low-wage and low-skill workers who are more likely to work for smaller companies.

Cons:

- The credit generally will be too small to overcome the low (or negative) returns to worker training perceived by most small employers, but will cut taxes for those small firms that already provide educational assistance, including training mandated by governmental regulations and professional society rules.
- Employers will be encouraged to convert any training they do to a format eligible for the credit, for example, replacing instruction by their own employees with contracted services. SBA notes that small businesses do not conduct much formal training.
- Linking the credit to section 127 creates some administrative burdens for small businesses by mandating a formal educational assistance plan. However, absent the tie to section 127, the credit could be abused and would be unadministrable. For example, without nondiscrimination rules employers could hire their children and claim the credit for their educational expenses. In addition, employers would have an incentive to unbundle employee training from the package of services provided by equipment vendors and to characterize a wide variety of payments to third parties, e.g., to lawyers and accountants, as payments for training. [Counterpoint: SBA notes that the small business training credit would be administrable because it would not be very different from other tax credits available to filers, such as the 10 percent energy credit for investment in energy-saving devices, such as solar panels, geothermal energy sources, etc.]
- Credits will not benefit employers who are tax-exempt institutions or have no tax liability, such as many start-up companies. But, over 60 percent of small businesses do have a tax liability in any given year.
- A credit would treat employer-provided education more favorably than other fringe benefits such as health insurance.
- A credit varies the real cost of training based upon arbitrary firm size cut-offs.
- For some employers credits will be discouragingly complex because of interactions with other credits, the alternative minimum tax, carryover rules and overall limitations on business credits. SBA argues that the credit is unlikely to be very complex for the size of businesses we would target.

Recommendations:

The Department of Treasury opposes extending section 127 separately or expanding tax incentives for employer-paid education. Treasury supports your position, taken in the FY 1997 budget, that section 127 and the other expired provisions should be extended in a revenue-neutral way. According to Treasury, the Administration's many proposals for education and training are already generous; priority should be given to enacting these into law. And proposals for expansion (beyond simple extension of the current section 127) would not be cost-effective in stimulating educational expenses, would be highly uneven and arbitrary in their effects among firms and individuals, would be administratively burdensome, and would add to the deficit, unless offset by cuts in other programs.

The Department of Labor and the Small Business Administration strongly support extending section 127 and providing a small business training credit. They believe that these policies are needed for two reasons: (1) there is a market failure in the provision of training -- especially for small businesses, and (2) education and training improves productivity and increases wages.

Labor and SBA point out that firms under-invest in education and training because of the difficulty in claiming the benefits of increased skills. Small businesses -- facing the additional barrier of scale economies -- are especially unlikely to devote the efficient amount of resources to their employees' skill development. Moreover, Labor and SBA point to the overwhelming academic evidence that suggests that education and training improves productivity and raises wages. Labor and SBA believe that expanding section 127 and creating a new small business training credit are important policies to address these problems. And they think that these policies will complement your overall economic agenda by increasing educational opportunity and providing direct economic incentives for companies to invest in their workers.

RECOMMENDATIONS ARE STILL NEEDED FROM:

**Office of Management and Budget
Council of Economic Advisers
Education
Others**

Attachments

**Tax Treatment of Educational Assistance
Current and Prior Law**

Type of Assistance	Type of				Nondiscrimi- nation plan required	Tax treatment	
	Student qualifications	Institution	Education	Expenses		General rule	Special limitations

Current law

Qualified Scholarship (section 117)	degree candidates	college, etc. no correspon- dence schools	any	tuition & required fees; related expenses	N.A.	excluded from taxable income	not excludable if teaching, research or other services required
Qualified tuition reductions (section 117)	employee (spouse or dependent children) of educational institution	college, etc. no correspon- dence schools	no graduate education	tuition	yes	excluded from taxable income*	none
Forgiveness of student loan indebtedness (section 108(f))	must be working in special job	qualified under loan terms	any	covered by government loan	N.A.	excluded from taxable income*	none
Employer paid (section 162)	employee	any	must be related to current job	any	no	excluded from taxable income*	none
Fringe benefit – no additional cost to employer (section 132)	employee (spouse or dependent children) of educational institution	any	any	similar to expenses charged to customers	yes	excluded from taxable income*	none
Employee paid (section 162)	taxpayer	any	must be related to current job	tuition & required fees; related expenses	N.A.	deductible as itemized deduction	subject to 2% of AGI limitation
Savings bond proceeds (section 135)	taxpayer, spouse and dependent children	College, etc; area voc-ed school	any, except hobby, etc.	tuition & required fees;	N.A.	Interest excluded from taxable income	income phase- out, married: \$63,450 – 93,450 single: \$42,300 – 57,300

Prior law

Employer paid (section 127) (expired 12/31/94)	employee	any	any, except hobby, etc.	tuition & required fees; related expenses	yes	excluded from taxable income*	\$5,250
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*Also reduces the Social Security and Medicare tax bases.

Tax Treatment of Educational Assistance
Current Administration Proposals and Possible New Proposals

Type of Assistance	Type of				Nondiscrim- ination plan required	Tax treatment	
	Student qualifications	Institution	Education	Expenses		General rule	Special limitations

Proposals in 1997 Budget

Tuition deduction	taxpayer, spouse and dependent children	colleges, etc participating in GSL program	degree program at least half-time unless job related	tuition & required fees;	N.A.	up to \$5,000 (\$10,000 after 1998) deductible without itemizing	Income phase- out, married: \$100,000 - 120,000 single: \$70,000 - 90,000 Indexed beginning in 2000
Expanded IRAs	taxpayer, spouse, dependents, children, and grandchildren	colleges, etc participating in GSL program	degree program at least half-time unless job related	tuition & required fees;	N.A.	early withdrawal tax would not apply to amounts used to pay education expenses	Income phase- out for \$2,000 contribution married: \$70,000 - 90,000 (\$80,000 - 100,000 after 1998) single: \$45,000 - 65,000 (\$50,000 - 70,000 after 1998) Indexed beginning in 2000
Employer paid (section 127) (in context of revenue - neutral extension of 5 provisions)	employee	any	any, except hobby, etc.	tuition & required fees; related expenses	yes	excluded from taxable income*	\$5,250

Possible new proposals

Employer paid (section 127)	employee	any	any, except hobby, etc.	tuition & required fees; related expenses	yes	excluded from taxable income*	\$5,250 for 1996; \$7,725 for 1997; and indexed thereafter
Employer paid (section 127)	employee	any	any, except hobby, etc.	tuition & required fees; related expenses	yes	excluded from taxable income of employee;* 10% credit for employers	\$5,250 per employee; \$525 per employee for employers with average receipts of \$10 million or less over past 3 years
Employer paid (section 125(f)) Extend section 127 and add benefit to cafeteria plans	employee	any	any, except hobby, etc.	tuition & required fees; related expenses	yes	excluded from taxable income of employee*	employees could use up to \$5,250 of cafeteria plan benefits for educational expenses

*Also reduced to \$5,250 for 1996

Employer Educational Assistance Options
Estimates of Effect on Receipts Relative to Current Law
(\$ millions)

Provision	Fiscal year							Total 1996-2002
	1996	1997	1998	1999	2000	2001	2002	
1. Extend Section 127 permanently effective 1/1/96	(43)	(952)	(665)	(706)	(739)	(774)	(811)	(4,690)
2. Extend Section 127 permanently effective 1/1/95	(59)	(1,271)	(655)	(706)	(739)	(774)	(811)	(5,015)
3. Extend Section 127 through 1997 effective 1/1/96	(43)	(986)	(205)	-	-	-	-	(1,234)
4. Extend Section 127 through 1997 effective 1/1/95	(59)	(1,302)	(205)	-	-	-	-	(1,566)
5. Extend Section 127 permanently effective 1/1/96 and index \$5,250 limit beginning 1/1/97	(43)	(957)	(687)	(748)	(801)	(858)	(920)	(5,014)
6. Extend Section 127 permanently effective 1/1/96, increase limit to \$7,725 effective 1/1/97 and index thereafter	(43)	(1,004)	(767)	(838)	(897)	(961)	(1,030)	(5,540)
7. Added effect of including educational assistance in cafeteria plans 1/1/97, assuming Section 127 is extended permanently, effective 1/1/96	-	(177)	(591)	(956)	(1,252)	(1,572)	(1,944)	(6,491)
8. Added effect of allowing 10% credit for Section 127 expenses for businesses with receipts of less than \$10,000,000, effective 1/1/97, assuming Section 127 is extended permanently, effective 1/1/96	-	(13)	(36)	(38)	(40)	(42)	(44)	(213)

Treasury Department
Office of Tax Analysis

April 24, 1996

Employer Educational Assistance Options
Estimates of Effect on Receipts Relative to Receipts Assuming Administration's Tuition Deduction Enacted
(\$ millions)

Provision	Fiscal year							Total 1996-2002
	1996	1997	1998	1999	2000	2001	2002	
1. Extend Section 127 permanently effective 1/1/96	(43)	(853)	(475)	(498)	(514)	(542)	(574)	(3,499)
2. Extend Section 127 permanently effective 1/1/95	(59)	(1,172)	(465)	(498)	(514)	(542)	(574)	(3,824)
3. Extend Section 127 through 1997 effective 1/1/96	(43)	(887)	(36)	-	-	-	-	(966)
4. Extend Section 127 through 1997 effective 1/1/95	(59)	(1,203)	(36)	-	-	-	-	(1,298)
5. Extend Section 127 permanently effective 1/1/96 and index \$5,250 limit beginning 1/1/97	(43)	(858)	(494)	(531)	(561)	(604)	(654)	(3,745)
6. Extend Section 127 permanently effective 1/1/96, increase limit to \$7,725 effective 1/1/97 and index thereafter	(43)	(903)	(553)	(595)	(628)	(676)	(732)	(4,131)
7. Added effect of including educational assistance in cafeteria plans 1/1/97, assuming Section 127 is extended permanently, effective 1/1/96	-	(172)	(529)	(803)	(1,032)	(1,294)	(1,604)	(5,433)
8. Added effect of allowing 10% credit for Section 127 expenses for businesses with receipts of less than \$10,000,000, effective 1/1/97, assuming Section 127 is extended permanently, effective 1/1/96	-	(13)	(36)	(38)	(40)	(42)	(44)	(213)

Treasury Department
Office of Tax Analysis

April 25, 1996

* The Administration's 1997 Budget proposals assume a date of enactment of 8/1/96. The tuition deduction is effective 1/1/96.

Corporate Citizenship Conference

take
on invite
list to
event

PANEL ONE

Invited and Confirmed

Fel-Pro
Patagonia
Optiva
Johnson and Johnson
* Corning
Starbucks

non-union
non-union
non-union
some small union
union
non-union

Unconfirmed

Work/Family Directions

PANEL TWO

Invited and Confirmed

* Plumley
Republic Engineered Steel
Cummins Engine
Cin-Made

non-union
union
union
union

Unconfirmed

Kellogg's
United Airlines
Siemens

union
union
non-union

Mickel
VP
Potus
→ suggests
topic
table
discuss

TEAM
Act coming
up ?

Award - cos. that live to
- 12 ppl on commission principles
- no labor people
- Gene/Laura

Biz award
no labor ppl on list

Alexis
had
list

NEC CORPORATE CITIZENSHIP TIMELINE

Monday, May 13

- Determine Cabinet table hosts **by COB** [*Kate Carr, Gene, Sperling and Steve Silverman*]
- Prepare corporate citizenship book for breakfast/event participants [*David Lane*]
- First draft of one-pagers on each company on the panel **by COB** [*Stephanie Swirsky and Jeffrey Hunker*] One-pagers include:
 - * Background Data
 - * Corporate Citizenship Principle
 - * Why the company was selected
 - * Bios on the CEO
 - * Trouble Points
- Press version of background on companies
- Finalize program by COB [*Sara Farnsworth*]
- First draft of scripts for the President **by COB** [*Stephanie Swirsky and Jeffrey Hunker*]
- Press office gives networks names of companies for sidebar/companion pieces. [*Mary Ellen Glynn*]
- Preliminary Q&A's **by COB** [*David Rubin and Chris Dorval*]
 - * Conference
 - * Specific Companies

Tuesday, May 14

- Specialty press rollout [*Josh Silverman*]
 - Dr. Tyson briefs *The Economist*
 - First draft of 2-3 page memos to the President the five areas of corporate responsibility **by NOON**
 - * Family Friendly - Labor
 - * Safe and Secure Workplace - Labor
 - * Health and Pensions - Treasury
 - * Partnership - Treasury and Labor
 - * Upward Mobility - Commerce and Labor
 - Finalize RSVP lists by **NOON** [*Kate Carr*]
 - First draft of President's pre-event background briefing book (10-12 pages) should be complete **by 3:00pm** [*Michael Warren*]
 - * Two-page background memo on Corporate Citizenship
 - o Brief synopsis of events
 - * Six page memo on panelists selected and background on their CEOs
 - * Selected press clippings
- [NOTE: This is separate from Briefing Notebook with scripts]
- Talking Points **by COB** [*Jason Goldberg*]
 - Finalize scripts

Wednesday, May 15

- President's briefing book with scripts should be final **by COB** [*Michael Warren*]
- Dr. Tyson briefs *Business Week* -- Giving them the news we will make on Thursday, due to their Wednesday deadline
- Final Press Packet by COB [*April Mellody and Jason Goldberg*]

- Product Briefing Book by COB each panel briefing will include:
 - * Conference Overview [*Michael Warren/Kevin Varney*]
 - * Schedule [*Patrick Steel*]
 - * One-page outline/overview of panels [*Stephanie/Jeffrey*]
 - * One-page seating chart [*Jason Goldberg*]
 - * Scripts [*Stephanie/Jeffrey*]

Thursday May 16

- Dr. Tyson, Secretary Reich, Secretary Rubin and Secretary Kantor are on the Morning Shows
- Dr. Tyson does an afternoon roundtable with columnists
- Other Media TBD [Stuart Schear / Laura Tyson]

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Jeffrey &
Stephanie
will talk to
Becker and
Flint
Glassworks

Breakfast issues

- 117 confirmed for bkfst

- 130 slots

BACKGROUND ON THE WHITE HOUSE CORPORATE CITIZENSHIP CONFERENCE

May 12, 1996

"[E]mployers and employees must do their part...as they are doing in so many of our finest companies -- working together, putting the long-term prosperity ahead of the short-term gain. As workers increase their hours and their productivity, employers should make sure they get the skills they need and share the benefits of the good years, as well as the burdens of the bad ones. When companies and workers work as a team they do better, and so does America."

-- President Clinton, State of the Union Address, 1/23/96

ON THURSDAY, MAY 16, 1996, PRESIDENT CLINTON AND VICE PRESIDENT GORE WILL HOST THE WHITE HOUSE CORPORATE CITIZENSHIP CONFERENCE.

- ⇒ **The White House Corporate Citizenship Conference builds on the President's State of the Union Challenge** for employers and employees to join together to put long-term prosperity ahead of short term gain.
- ⇒ **President Clinton first called for the convening of this conference in his speech on corporate citizenship at Xavier University in Ohio on March 23, 1996. In that speech, President Clinton outlined Five Corporate Citizenship Challenges:**

1. **FAMILY-FRIENDLY WORKPLACES:** *Create workplaces that allow workers to be both productive workers and caring and responsible family members. Family friendly policies can range from flexible work schedules, to help with child and elder care, to time off for parent-teacher meetings. Companies that recognize our broader obligations as parents, family members and citizens off-the-job get more committed employees on-the-job.*
2. **HEALTH AND RETIREMENT SECURITY:** *Provide the security that a living wage, health care, and pension benefits can give.*
3. **SAFE AND SECURE WORKPLACES:** *Protect the health and safety of employees through management commitment and employee involvement.*
4. **INVESTMENT IN EMPLOYEES:** *Recognize that investments in your employees are every bit as important as investing in factories and equipment. Provide broad opportunities for education and training both in and outside the firm, for new skills and advancement.*
5. **PARTNERSHIP WITH EMPLOYEES:** *Give employees a voice in the workplace and share the burdens and benefits of good times and bad. When restructuring and layoffs are essential to a company's long-term health: be open, be helpful, and be fair. Productive companies need committed employees.*

PRESIDENT CLINTON AND VICE PRESIDENT GORE WILL MEET WITH BUSINESS LEADERS AND HIGHLIGHT SEVERAL COMPANIES THAT MEET THE PRESIDENT'S CORPORATE CITIZENSHIP CHALLENGES

- ⇒ **Working Breakfast, 8:30 a.m.** at the White House with members of the Clinton Economic Team and more than 100 business leaders.
- ⇒ **Roundtable Discussion, 11:05 a.m.** at Georgetown University with two panels with businesses leaders whose companies each highlight one of the President's Corporate Citizenship Challenges.
 - Panel 1:** Discussion and examples of meeting Corporate Citizenship Challenges 1, 2, and 3.
 - Panel 2:** Discussion and examples of meeting Corporate Citizenship Challenges 4 and 5.

DRAFT

4/16/96 6:00 pm

PANEL ONE:

	<u>#1</u>	<u>#2</u>	<u>#5</u>
• Fel-Pro	x	x	
• Procter & Gamble	x	?	?
• Patagonia	x	?	
• XEROX <i>10NITE</i>	x	x	?
• Optiva *		x	
• Monsanto		?	x
• Johnson & Johnson	x	x	x

* or Starbucks

Back-ups:	Corning	x	x	x
	Dupont	x	x	x
	Starbucks		x	

PANEL TWO:

	<u>#3</u>	<u>#4</u>	<u>#4a</u>
• Harley-Davidson	x	x	
• Corning	x	x	
• Plumley Companies	x	?	
• Republic Engineered Steels	x	x	?
• Levi-Strauss	x	x	?
• Detroit Diesel	x	x	?
• Intel	x	x	x

Back-ups:	3M	?	x	x
	NYNEX	x	x	x
	XEROX	x	x	x
	Cin-Made	x	x	
	Monsanto	x	x	
	Nucor	?	?	?

Principles:

#1 = Family-Friendly; #2 = Health & Pension Benefits; #3 = Training;
 #4 = Partnership; #4a = Layoffs; #5 = Safe and Secure

Q = Looking for a midsize company to add.
Q = CEO-head of union or local to local

DRAFT PANELIST PROFILES

4/16/96 6:00 pm

CIN-MADE Corp. of Cincinnati, Ohio provides an extensive offering of training opportunities, which have included courses in statistical process control, reading of financial statements, pricing and costing, leadership, and strategic planning. Employees also receive a great deal of on-the-job skills training which emphasizes cross-training in multiple skills. Approximately, 3/4 of the training is accomplished using in-house resources, with the remaining 1/4 through off-site courses. Through the company's Employee Education Program, Cin-Made pays employee tuition for a variety of outside training programs including trade school courses, leadership courses, and labor-management training programs. For Cin-Made workers pursuing degree programs, the company pays up to 75 percent of educational costs dependent on the achievement of a satisfactory course grade. The company has also instituted an innovative merit-pay system, jointly administered by the company and its union, through which 95% of workers have received additional pay for acquiring advanced skills. All of this focus on skills is paying off: on-time deliveries have increased over the last five years from 74% to 98%. **[CEO: Robert Frey; 50 employees; unionized; privately-owned. The company is in the specialized packaging business.]**

Corning, Inc. of Corning, NY, a recent Malcolm Baldrige Award winner, has established a partnership with the American Flint Glass Workers Union that is recognized as a model of labor-management cooperation. Together, the union and Corning management have undertaken the development of innovative workplace practices in each Corning facility. Their partnership agreement calls for the establishment of joint labor/management steering committees in each plant, and stated formal objectives to promote employment security. Corning is also exceptionally strong in training, spending 3.9 percent of payroll (1992) and averaging 92 hours per employee/per year. The company is also very family-friendly, as evidenced by its inclusion on *Working Mother* magazine's list of the "Top 100 Best Companies for Working Mothers" and the Levering "100 Best Companies to Work for in America." Corning offers: four near-site childcare centers; sick-child care, after-school and holiday programs; adoption assistance; tuition assistance for children of employees (\$222,000 in 1994); and flextime. Benefits are available to part-time workers (over 20 hrs/week) and include health insurance (65% of premium).

Finally, Corning's General Machine Shop has been approved by OSHA as a VPP Star site and enjoys injury rates well below (30%) the industry average. In 1995, they had no lost workday cases. **[CEO: Jamie Houghton; Operating Revenues: \$4.8 billion (12/94); 39,200 employees; American Flint Glass Workers Union; publicly-held (NYSE). The company manufactures fiber optics, plastic, pyrex, etc.]**

Detroit Diesel of Detroit, Michigan has a stellar record of worker relations, particularly around training of workers. **(Excellent partnership with the union; President visited during 1994 G-7 Jobs Conference. We're seeking details.) (CEO: Roger Penske; 3,700**

employees; unionized. The company is in the auto supply business.)

Dupont Company of Wilmington, Delaware has a long-standing reputation for its commitment to worker safety and health. Two sites (Circleville, OH and Ingleside, TX) have been recognized as Star sites by OSHA's Voluntary Protection Program for over 12 years. Both sites consistently have injury rates that are nearly 90 percent below the national average for their industries. The company has also been widely recognized for good citizenship: (1) Working Mother's "Top 100;" (2) the Levering "Top 100;" (3) the Women's Bureau Honor Roll; and (4) the Environmental Protection Agency's "Environmental Champions." **[CEO: Edgar Woolard; mixed unionization; 57,000 employees. Dupont is the nation's largest chemical manufacturer.]**

(NOTE: There is an open Family and Medical Leave Case pending against Dupont. We're seeking details. Also, the AFL-CIO has raised concerns about Dupont.)

Fel-Pro Incorporated of Skokie, Illinois supplements a strong salary package and profit-sharing with solid health insurance (the company pays 85% of every employee's premium) and a host of unique benefits: Every baby born to a Fel-Pro family is greeted with a \$1,000 savings bond and a pair of engraved baby shoes. When ready to travel with Mom or Dad to work, the company offers on-site childcare for \$90 per week (a 60% subsidization). At school age, Fel-Pro will reimburse 80% of the cost of hiring a tutor for a child having trouble in school and runs an eight-week day camp in the summer. Beginning at age 17, youth are eligible for summer employment and an automatic college scholarship of \$3,500 per year. Upon college graduation, the company sends a gift of \$500 to the new grad. Not surprisingly, such practices have fostered an atmosphere of mutual loyalty with a substantial payoff: a turnover rate of less than 1%. As a result, both *Working Mother* magazine and Levering routinely list Fel-Pro in its Top 10 favorite companies, and it was a 1994 recipient of the Business Enterprise Award. **[CEO: David Weinberg; Operating Revenues: \$268 million; 1,700 employees; non-union; family-owned. The company manufactures automotive sealing products (including lubricants, adhesives, and gaskets).]**

Harley-Davidson of Milwaukee, Wisconsin is back on top of the motorcycle market, and has done so in part by investing in its employees. According to CEO Richard Teerlink, part of Harley-Davidson's corporate vision statement says that the key to the company's success is to balance stakeholder interests through empowered employees focusing on value-added activities. To assist its employees improve basic literacy and mathematics skills, Harley established an on-site learning center providing confidential help to employees. In addition, Harley has started a program to provide educational resources and exposure to work settings for high school students. Harley also has an excellent relationship with its union. **[CEO: Richard Teerlink; Operating Revenues: \$1.5 billion; Intl. Assn. Of Machinists and Allied Industrial Workers. The company manufactures motorcycles.]**

Intel of Santa Clara, California is committed to being "a great place to work" -- it's even one of

the goals in the company's Mission Statement. The company offers strong fringe benefits: a deferred profit-sharing plan; full health care coverage; three weeks of vacation after one year; the opportunity to buy stock at a 15% discount; and an eight week paid sabbatical after seven years. As a result, Intel is listed among the Levering "100 Best Companies to Work for in America." In addition, every effort is made to avoid layoffs through a continuous redeployment strategy that requires massive retraining. Says Intel's head of human resources: "If I can't avoid them (layoffs), I've failed." **[CEO: Andrew Grove; 33,000 employees; non-union. Intel manufactures computer chips.]**

Johnson & Johnson of New Brunswick, New Jersey has a model safety and health program. At each plant there is a specialized staffperson dedicated to this function. These professionals oversee an extremely effective program premised on employee involvement, that includes training, strict enforcement and in-depth incident investigations. Their program also includes what is recognized as one of the best wellness programs (Live for Life) in the country. And it pays off: Johnson & Johnson's lost workday injury rate is well below industry average.

Johnson & Johnson also has more on-site child care centers than any other company in America. Still, the company has contracted with two national child care companies to give the company's 30,000 domestic employees a 10% discount at affiliated centers nationwide. In a pilot project, the company has also established a network of seven licensed family day care providers in New Jersey. Johnson & Johnson subsidizes these providers' fees on a sliding scale based on family income, so that employees can choose the kind of care that best suits their needs. These are the types of efforts that have placed the company on *Working Mother* magazine's list of the "100 Best Companies for Working Mothers" for all ten years of the list's existence. This year's list called it "a role model for corporate America."

Johnson & Johnson offer some of the best health benefits around, offering a full palette of HMO, PPO, POS and indemnity plans with a maximum monthly premium of \$13.75, including dental care. Similarly, the company has a strong retirement plan, including a 75-cents-on-the-dollar match for the first 6 percent of salary contributed to a 401(K). The annual pension for a worker retiring at age 65 with 30 years of service is a solid \$18,800. As a result, the company has been recognized by the Levering "100," the Women's Bureau Honor Roll, and *MONEY* magazine's "Top 10 Companies with the Best Benefits." Finally, J&J is a member of the 21 company American Business Collaboration which has devoted \$100 million to child and elder care. **[CEO: Ralph Larson; Operating Revenues: \$15.7 billion; 28,400 employees; a variety of unions; publicly-traded. The company manufactures a variety of health care products.]**

(NOTE: The AFL-CIO has raised concerns about Johnson & Johnson.)

Levi Strauss and Co. of San Francisco, California has a long record of strong partnership with its employees and its community. The company pioneered the idea of community involvement teams at all worksites. These teams tackle pressing social needs in their

communities, with the financial backing of the company. In a recent book, the company was named "one of the top 25 companies for minorities in America," and was also the 1995 recipient of the Lifetime Achievement Award of the Business Enterprise Trust.

Relations with its union (formerly ACTWU, now UNITE) are excellent. The company has engaged in extensive training and restructuring, all in partnership with the union. Under a current restructuring plan, 6,400 employees will be offered early retirement by June 1998 with 70% of full pension benefits. These early retirees will also be eligible for one of three medical plans. **[CEO: Robert Haas; 36,000 employees; unionized; family-owned. The company manufactures blue jeans.]**

3M of St. Paul, Minnesota has a long history of training its own people and moving them up. As a result, workers rarely leave: in 1992 more than 5,000 of them had been with the company more than 25 years. The company has also had a long-standing commitment to avoiding layoffs -- instead reassigning workers wherever necessary. Recent restructuring has been applauded as "humane downsizing." **(CHECK THIS)** The company is on both the Working Mother and Levering lists of the "100 Best Companies," as well as the "Best 25 Companies for Minorities." **[CEO: Livio DeSimone; 50,000 U.S. employees (84,000 world-wide); non-union. The company manufactures a variety of adhesives, etc.]**

Monsanto of St. Louis, Missouri, by making a corporate commitment to OSHA's Voluntary Protection Program, has communicated to all of its 139 sites and 30,000 employees that it is committed to worker safety and health. At its seven VPP sites, injury rates are 74 percent below the industry norm. These sites, in turn, are actively engaged in mentoring with other sites to improve their safety and health programs. Finally, Monsanto provides health and safety expert volunteers to assist in OSHA VPP onsite reviews. **(CEO: Richard Mahoney; unionized; 29,000 employees. The company is in the pharmaceutical/chemical business.)**

(To be added when verified: The PBGC reports that Monsanto has an "overfunded" pension program, providing a sound basis for generous benefits in a defined benefit plan. Notable is the fact that benefits are comparable for both hourly and salaried employees, that benefits are based on high three-year average pay (rather than the usual five-years), and that benefit reductions for early retirement are less than in a typical plan. In addition the company sponsors a defined contribution plan.)

(NOTE: The PBGC collected penalties of \$230,000 from Monsanto in 1994. They report that this was because the company was five months late filing documentation. The company paid the fine. Still, PBGC expressed concern about highlighting this pension plan, as it cannot discern the cause of the tardiness without additional investigation.)

Nucor Corp. of Charlotte, N.C. is committed to sharing the good times with its workers. To begin with, the company ties the pay of its executives to the performance of the company and requires that the pay of its workers rise at least as fast. To make this possible, hourly employees are on a weekly bonus system based on the production of their "teams." For

example, for every ton of steel straightened in a bar mill beyond a set standard, workers receive a bonus. Typically, such bonuses can exceed the regularly weekly wage. The company offers other perks as well, including a college allowance (\$2000) for children of Nucor employees. Such practices have produced a strong bottom line: Nucor has posted a profit in every quarter since 1966. **[CEO: John Correnti; non-union. Nucor is the nation's fourth largest steelmaker.]**

(NOTE: Nucor is rabidly anti-union. Corporate executives take every opportunity to attribute their success to the fact that they are not unionized. They openly recruit young rural people who "have no experience in collective bargaining." In addition, while the total pay package of Nucor workers may be comparable or even exceed that of larger unionized mills, the base pay -- that portion that is guaranteed -- is typically about half the industry norm.)

NYNEX of New York, NY is a prime example of a company that views its employees as assets to be developed. One of its many education and training initiatives is its NEXT STEP program. Through this voluntary program craft employees have the opportunity to develop cutting-edge technical competencies while earning an Associate Degree in applied science. The program is paid for entirely by the company, and is conducted on company time. (Completion of the program brings a 5% raise.) In addition, employees with five years of service can take a 2-year educational leave to attend college full-time. Though the leave is unpaid, benefits continue, and a job is guaranteed upon return. In addition, NYNEX kicks in up to \$10,000 per year in tuition assistance.

NYNEX is also an example of how a company can become "lean" without being "mean." In response to its need to eliminate approximately 16,800 jobs, NYNEX and its two unions negotiated new contracts that establish ground-breaking opportunities in training and employment security for workers. Working together, NYNEX and its unions have downsized without involuntary layoffs, transfers, or downgrades. To achieve this goal, NYNEX has relied upon attrition, early retirement incentives, severance packages, and the opportunity to voluntarily transfer to jobs at other locations. And, most importantly, the company redoubled its training efforts for remaining employees (as evidenced by programs like NEXT STEP). **[CEO: Ivan Seidenberg; 70,000 employees; 1995 revenues: \$13.4 billion; unionized. The company is one of the Baby Bells.]**

(NOTE: NYNEX has 30 outstanding cases in violation of the Family and Medical Leave Act, and refuses to cooperate. This company CANNOT appear on any panel where "family-friendly" is a topic.)

Optiva Corp. of Bellevue, WA is a small company with a strong commitment to its employees and the broader community. All full time employees receive stock options and the right to participate in the company's 401(K) matching fund. Both full and part time workers receive full or partial health benefits. In addition, Optiva provides free assistance for mental health and drug and alcohol counseling, as well as free child care referral and legal consultations. Full time employees receive 100% reimbursement for tuition and books to

further their educations (any employee working at least 3/4 time receives at least partial reimbursement). Finally, the company offers flexible work schedules, augmented by a leave program which places vacation and sick leave into one pool, thus providing workers with maximum flexibility for time off. These are the type of policies that resulted in Optiva's recent nomination as one of Washington state's top 25 places to work. **[CEO: David Giuliani; 300 employees; 1995 sales of \$50 million. The company manufactures its sonicare toothbrush.]**

Patagonia of Ventura, California offers excellent maternity and paternity leave: four months, including eight weeks at full pay. Extended also to adoptive parents, this is one of the most generous packages in the country. Back at work, new parents have access to two on-site child care centers and are permitted five sick-child days per year. In addition, the company accommodates workers' lives outside the job via job sharing, work-at-home opportunities, flextime, and compressed workweeks. To top it off, the company has an excellent record of promoting women, with females holding more than half of the highest-paying jobs, including that of the President. The company has been recognized in the "Top 100" by both Working Mother magazine and Levering, and is, according to DOL's Wage and Hour Administration, a garment industry "Trend Setter." (Note also that Patagonia offers an example of how "contagious" good corporate citizenship can be. After the tragic fire at Malden Mills in Lawrence, MA -- a major supplier of synthetic fleece -- Patagonia quickly announced that the disruption in supply would not produce any Patagonia layoffs. Noting the 15-year relationship between the two companies, Patagonia announced its commitment to getting Malden Mills back on its feet.) **[CEO: Alison May (leaving); Operating Revenues: \$126 million; 550 employees; non-union; privately-owned. The company manufactures and distributes outdoor wear.]**

(NOTE: The female CEO of the company is leaving; no replacement named. Check the date of her departure.)

Plumley Companies of Paris, Tennessee is proof that small companies know the value of investing in employees as well. In order to upgrade its equipment and compete in the global marketplace, Plumley found that it needed to upgrade the skills of its workers. The company employs a full-time education staff and offers more than 1,000 hours of free instruction per month in each of its seven plants. On average, Plumley employees undergo 108 hours of training per year. In addition, the company offers remedial education, GED courses, and certification as a Certified Quality Technician or Certified Quality Engineer. Such certification is rewarded: all CQTs get a \$500 bonus; all CQEs get an immediate raise of \$100 per month. For employees interested in furthering their education at the college level, Plumley fully reimburses tuition for all courses passed with a grade of C or higher. These investments are paying off. Since the inception of the program seven years ago, productivity has doubled and wages have risen 60%. **[CEO: Michael Plumley; 1,400 employees; non-union; family-owned. The company manufactures rubber and silicone products.]**

Procter & Gamble of Cincinnati, Ohio has outstanding programs for new moms. After up to a

year of maternity leave (40 weeks more than required under the Family and Medical Leave Act), working mothers are eligible for up to five years of reduced work hours to care for their young children. In addition, the company offers direct subsidies for childcare (up to 4% of salary), a perk from which more than 1,400 working parents benefit. The company has been recognized widely: (1) *Working Mother's* "100 Best Companies;" (2) the *Levering* "100 Best Companies;" (3) the Women's Bureau's Honor Roll; (4) an "EVE" award for Affirmative Action; and (5) *Fortune* magazine's "Most Admired List" (#2). **[CEO: John Pepper; Operating Revenues: \$33.4 billion; 39,000 employees; some union plants; publicly-traded. The company makes a variety of household products.]**

Republic Engineered Steels, Inc. of Massillon, Ohio is 100% employee-owned and is developing creative ways to supplement the wages of its workforce. In addition to profit-sharing, the company has recently implemented a "Target 60" project which is designed to save the company \$60 million in waste and production costs by using employee suggestions. And 50% of the savings will be passed along to workers. Every time the company reaches a predetermined dollar amount in savings, all Republic employees will receive an hourly pay increase. If the goal is reached, pay increases will approach \$3 per hour.

Republic provides training and other educational opportunities for its employees dealing with aspects of both the ESOP and the overall goals of the company. In their \$3.5 million ESOP Education Program, which is sometimes termed "Economics 101," courses are offered to all employees, including the CEO. Some examples of topics include: how to read a profit and loss statement; discussion of common vs. preferred stock; and a primer on Republic's daily operations. **[CEO: Russell Maier; Operating Revenues: \$670 million; 5,000 employees; United Steelworkers of America; 100% ESOP. The company manufactures carbon, alloy, and specialty steels.]**

Starbucks of Seattle, Washington has been widely recognized for its practice of offering full health insurance benefits to its part-time workers. The benefits package is available to all employees who work more than 20 hours/week, after 90 days of employment. The health insurance costs workers \$375 per year and covers 90-100% of their medical costs with a \$10 copay. In addition, Starbucks offers all employees (called "partners") the opportunity to join its 401(k) plan after one year with the company. The company matches employee contributions 25 cents on the dollar. For these practices, Starbucks was a 1994 recipient of the Business Enterprise Award and enjoys a turnover rate one-third lower than that of other companies in the specialty retail trade. **[CEO: Howard Schultz; 9,000 employees; non-union. The company imports, roasts, and sells specialty coffees.]**

(NOTE: Starbucks CEO is currently engaged in a nasty, if not silly, dispute over the driveway at his private residence encroaching on a public park.)

Xerox Corp. of Stamford, CT has created its Business Excellence System, through which employees receive training in process improvement, problem-solving skills, work-group

communication, process mapping, statistical measurement, and benchmarking. The idea is to give workers an understanding of how business excellence, customers, and teamwork must be linked for the company to succeed. Xerox has also integrated its training with worker empowerment. In 1992, Xerox estimated that at any given time, 75 percent of its employees were actively working on one or more of 7,000 quality improvement teams. Xerox's training programs provided education in group processes and quality in order to support the empowerment effort. Pulling this all together is Xerox's partnership with its union (ACTWU, now UNITE), to which CEO Paul Allaire attributes the company's success.

Xerox offers strong pay and benefit packages (including more than 90% of health premium) and is very family-friendly. The company's LifeCycle assistance program has provided a subsidy to more than 3,000 workers to pay for child care and has offered college scholarships to employee's children (\$239,000 in 1994). The company has been recognized widely for its practices: (1) the *Working Mother's* Top 100 List in all of the past ten years; (2) the Levering "100 Best Companies;" (3) MONEY magazine's "Top Ten Companies with the Best Benefits;" (4) an "EVE" award for Affirmative Action; and (5) the 1994 Lifetime Achievement Award of the Business Enterprise Trust. **[CEO: Paul Allaire; Operating Revenues: \$17.4 billion (12/94); 47,200 employees; unionized; publicly-traded. Xerox is a document-processing company.]**

Gerry
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THE WHITE HOUSE
WASHINGTON

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Washington, D.C. 20006

bite
corp
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3/30/96

FAX To:

John O'Con

FAX Phone Number:

456-1929

From:

CSL

Department:

Comments:

Con Rugh
The focus group report
idea is for a thread
was sent and that
Harold could make
it happen. Let's
do it.

There is/are 3 pages following
this cover sheet. Please call the
following number if you have any
questions:

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President's Office
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Our FAX number is 202/508-6946.

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March 29, 1996

To: Gene Sperling

From: Gerry Shea

Subj: CEOs for the April 10 Event

Since early this morning, I've been under the mistaken impression that you had prepared a revised list of companies for us to consider for the April 10 event. Therefore, we held off on sending you the results of our review of the original list, as we committed to do at our meeting on Wednesday. My apologies for the snafu.

We would recommend picking CEOs from the following companies:

Detroit Diesel	Harley-Davidson
Levi Strauss	Malden Mills
NYNEX	Quaker Oats
Sears Manufacturing	United Airlines
(Davenport, Iowa)	
Xerox Corp.	

We would strongly oppose the participation of the following:

Deloitte-Touche	DuPont
Eastman Chemical	Johnson & Johnson
Mary Kay Cosmetics	Merck
Motorola	Sherwin Williams
Springs Industries	

We are also trying to identify some small companies with particularly good stories. I'll let you know first thing next week if we come up with anything on that.

In regard to the idea of the President having contact with workers before April 10 to hear what they have to say about their economic situation, we have an additional suggestion. Goeff Garin and Mark Mellman conducted three very interesting focus groups this week; they are doing two more groups on Monday and Tuesday of next week. (See the attached list for locale and composition of the focus groups.) Based on the reports, I received from people who observed the focus groups, there were some fascinating discussions and exchanges. If you were interested in a presentation for the President -- including some short video clips -- I believe Goeff and Mark could put one together by late next week. This would provide the President with fresh data from a cross section of working families for the April 10 event.

Let me know if this is an idea you'd like to pursue.

Attachment

cc: Tom O'Donnell
Harold Ickes
Leslie Loble

AFL-CIO FOCUS GROUPS

St. Louis, March 25, The Mellman Group

- blue/pink collar union women, blue/pink collar non-union women

Cleveland, March 27, Peter D. Hart Research Associates

- blue collar union men, older blue collar non-union men

Philadelphia, March 28, Peter D. Hart Research Associates

- white collar union members, white collar non-union men

Birmingham, April 1, The Mellman Group

- African Americans, younger blue collar non-union men

Los Angeles, April 2, The Mellman Group

- Latinos, white collar non-union women

CORPORATE CITIZENSHIP MEETING

*like
corp
responsibility*

Outreach:

- What groups must we touch base with?
 - * Business for Social Responsibility
 - * Business Enterprise Trust
 - * NAM
- Invitation to the Breakfast

Business Presentations:

- Dealing with CEO
- 5 minutes

Scripts:

- Discussion for Breakfast
- Panel 1
- Panel 2

Media Plan:

- Profile with contacts by April 8.
- Business Press Plan:
 - Interviews
- Regional Press Releases
- Announcement

Potus Background Briefings:

- CEA briefings on evidence
- Background and caveats of companies
- Georgetown

Congressional Contact:

- Members with CEOs

Speechwriting:

Gerry prefers plant-
local pres version
"close to the ground"

1

6th corp responsibility

Q- anecdote of local pres of local plant manager

CORPORATE CITIZENSHIP CONFERENCE

I. BREAKFAST:

120 people

A. POTUS welcome

in res.

B. Tables of 8-10 with POTUS, VPOTUS or Economic Principals

- Issues and Questions solicited from Business Leaders
- Administration Official as Discussion Leader
- Minutes from each meeting written up to the President

Gerry wants to be in breakfast

II. PUBLIC PRESENTATION:

at G'town

PANEL I: Family Friendly, Safe and Secure Work Environment

Recommended Panel:

POTUS
VPOTUS
Rubin
Brown
Felpro
Proctor and Gamble
Patagonia
Monsanto
Johnson & Johnson
Xerox - UNITE
Cine-Made or Opteva

not worried

need to make sure OSHA hasn't cited any of 'em

Other Possible:
Starbucks
Dupont

Allied Signal

Structure:

POTUS	5 Minutes
Issue A:	
3 CEO Presentations each)	15 minutes
Discussion	20 minutes
Issue B:	
3 CEO Presentations	15 minutes
Discussion	20 minutes
Crowd Q&A	15 minutes
TOTAL	90 minutes

(5 minutes

Shaw wants -
Becker
Kampas
Bahr
Nolan
Yokich

idea = CEO - union head - Detroit Diesel / Yokich
- Amnitch / CWA
- Repubstel / Becker
- Xerox / Unite
non-CEO - Gorman - Glass workers
- Repubstel w/ Becker or local

BREAK: 30 Minutes

\$ Potus looking at tapes

PANEL II: Partnership with Employees: Participation, Training and Layoff Issues:

POTUS
VPOTUS
Reich
Tyson
Harley-Davidson
Corning
Republic Steel
Levi-Strauss
Detroit Diesel
Ameritech
Small Business

- Steelworkers

- UAW?

- CWA

*ATT
NYNEX*

*- Prob = they are
laid off people
- 1 co. is a problem*

*Ameritech
Marky
Bahr*

Structure:

POTUS	5 Minutes
Issue A:	
3 CEO Presentations each)	15 minutes
Discussion	20 minutes
Issue B:	
3 CEO Presentations	15 minutes
Discussion	20 minutes
Crowd Q&A	15 minutes
TOTAL	90 minutes

(5 minutes)

*? Intel
3M
Sarah Lee*

Issues:

1. Union Participation
 - * Video
 - * on-stage
 - * breakfast
2. Cabinet participation
 - * numbers and participation
3. VP: as moderator or RIGO
4. Announce Next Meeting: Workers in Transition
5. Nature of Discussion: Presentations vs. Controversy
6. Audience participation
7. Award: Try for the Event?
8. Pledge

*examples
tell a story to
be learned
& followed*

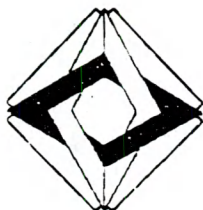
*→ like Dering Award?
private, not govt*

UAW to Ford

UAW w/ Quaker

*Ameritech
to CWA*

*Conciliatory
Govt & Kenic*

**THE BUSINESS ENTERPRISE TRUST**

204 Junipero Serra Blvd., Stanford, CA 94305

Date: 4/1/96Time: 5:32 pm*Write
corp.
responsibility***FAX COVER LETTER**

Please deliver the following pages to:

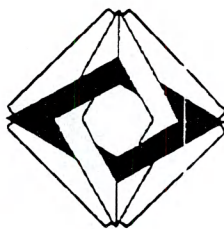
Gene SperlingLocation White HouseFax Number 202-456-2878Telephone Number 202-456-2620Sent By Kathy MeyerFax Number 415/321-5774Telephone Number 415/321-5100

If transmission is not complete, please call the above number.

Message _____

_____This is a 31 page transmission, including this page.

The Business Enterprise Trust



April 1, 1996

Gene -

Kathleen A. Meyer
Executive Director

204 Junipero Serra Blvd

Stanford, CA 94305

415 321.5100

Fax 415 321.5774

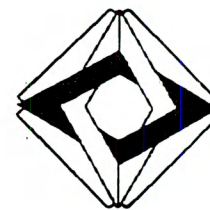
Email bet@betrust.org

Enclosed is some general information on The Business Enterprise Trust and our award recipients. Please let me know if you'd like more information or video documentaries on any of them.

Kathy Meyer

Gene Sperling

The Business Enterprise Trust



THE BUSINESS ENTERPRISE TRUST

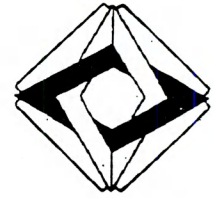
The Business Enterprise Trust is a national nonprofit organization which seeks to shine a spotlight on acts of courage, integrity and social vision in business. The Trust identifies bold, creative leadership that combines sound management with social conscience and, through video and other educational materials, tells engaging stories of practical innovations and socially-minded role models in business.

Founded in 1989 by eighteen prominent leaders in American business, academia, labor and the media, the Trust believes that a strong, competitive private enterprise system is the foundation of our national economic prosperity and the cornerstone of our personal and political liberty. Private enterprise also exercises a profound influence on American life and culture. Business decisions affect millions of employees and consumers, entire communities and the environment. Business leaders serve as role models and their values are projected into many spheres of American life. With the structure of the global economy and of corporations now in transition, it is increasingly important to explore how business can contribute to both economic and social progress.

Since 1991 the Trust has conferred the Business Enterprise Awards on selected business people and firms whose behavior advances the compelling principle that businesses which serve their constituencies in creative and morally thoughtful ways, in the long run, also serve their shareholders best. These recipients are honored at an annual ceremony attended by business and academic leaders, and given wide exposure in the national media.

The Trust also produces short video documentaries, narrated by Bill Moyers, monographs and business school cases on the award recipients. These materials are currently in use in hundreds of business schools, universities and corporate training programs.

The Business Enterprise Trust

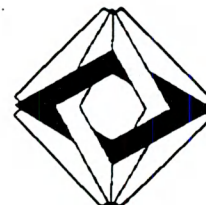
**BOARD OF TRUSTEES**

Chairman, James E. Burke, Partnership for a Drug-Free America
Warren E. Buffet, Berkshire Hathaway Inc.
Robert A. Burnett, Meredith Corporation
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Norman Lear, Act III Communications
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TRUST STAFF

Kathleen A. Meyer, *Executive Director*
Joan A. Clay, *Director of Finance*
Marilyn A. Turner, *Program Associate*
Laura M. Wattenberg, *Research Associate*

The Business Enterprise Trust



THE BUSINESS ENTERPRISE AWARDS

Each year The Business Enterprise Trust asks business people, educators, students, journalists and the public to help identify potential recipients of the Business Enterprise Awards by submitting nominations.

The act, decision, program or initiative nominated must demonstrate a commitment both to the long-term interests of the shareholders and to the needs of society. Only actions that occur in the normal course of business — not acts solely of philanthropy or volunteerism — are considered. Special consideration is given to those actions that have not yet attracted widespread attention and to those that are effective models for similar behavior by others.

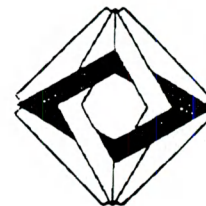
Individuals and actions nominated might include:

- *Employees whose courage and determination result in new, more enlightened business practices;*
- *Entrepreneurs who demonstrate social vision by creating new products, services or forms of corporate organization that address important social needs;*
- *Managers who show moral thoughtfulness, commitment to principle, and sensitivity to the needs of business' many stakeholders in making difficult decisions;*
- *Business leaders who resist pressures for short-term performance in serving the genuine long-term interests of both shareholders and society;*
- *Business persons who uphold important business principles and serve the common good, particularly in the face of substantial personal or corporate risk;*
- *Any business person who struggles productively with the natural tension between corporate profitability and social needs.*

Nominations are screened by a committee of distinguished business persons and academics. The Board of the Trust selects all award recipients.

Award recipients are given broad national recognition through several activities sponsored by the Trust: an annual awards ceremony; video and print profiles which are widely disseminated; and publicity from business and general-interest news media. Recipients also receive an original crystal sculpture of the Trust's symbol.

The Business Enterprise Trust

**NOMINATION FORM - THE BUSINESS ENTERPRISE AWARDS**

The Business Enterprise Trust seeks to identify and celebrate exemplary acts of socially concerned business leadership. The Business Enterprise Awards are given annually to business people and organizations that demonstrate:

- *courage* in upholding important business principles and serving the common good;
- *vision* in forging new, enlightened standards of business behavior or new products that address important social concerns; and
- *integrity* in commitment to business' various constituencies – shareholders, employees, consumers, suppliers, the environment and communities.

Recipients will receive the Business Enterprise Award crystal sculpture, and will be honored by the Trustees at an awards ceremony.

ELIGIBILITY

1. Individuals, work groups or companies may be nominated for an award.
2. An individual nominated must have been engaged in for-profit business activity. An organization nominated must be a for-profit entity.
3. Nominations must honor a specific action, decision, program or initiative.
4. The act or initiative for which the person or entity is nominated must have been associated with normal business activity. Acts of pure philanthropy or volunteerism are NOT eligible for an award.

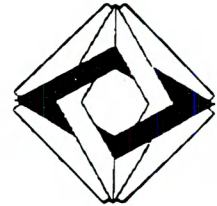
All nomination materials submitted become the property of The Business Enterprise Trust and will not be returned. The Business Enterprise Trust reserves the right to copy, reprint, quote or publish this information as part of its award program or other public communications.

SELECTION PROCESS

The Board of Trustees, prominent leaders in business, academia, labor and the media, selects the award recipients. A Screening Committee composed of distinguished business persons and academics reviews the nominations and makes recommendations to the Board.

The Business Enterprise Trust

THE BUSINESS ENTERPRISE AWARDS - 1995 RECIPIENTS



E. RACHEL HUBKA - RACHEL'S BUS COMPANY

Rachel Hubka is the founder and president of Rachel's Bus Company, a school bus business located in the inner city of Chicago. Since founding the company in 1989, Hubka has hired many people previously considered unemployable, and instilled a strong sense of pride and entrepreneurial spirit. Her fresh approach has "professionalized" the job of school bus driver and built a successful company in an exceptionally challenging industry.

School transportation is a gritty, highly competitive business with heavy regulatory pressures and rigid logistical requirements. Typically just a part-time job, school bus driving nonetheless requires a Class B commercial driver's license, intensive safety training, and a spotless criminal and drug record. Maintaining a reliable pool of qualified drivers is a constant challenge for every operator. When Hubka founded her company, she chose to locate in one of the most distressed neighborhoods in Chicago, hoping to tap a neglected labor pool to fill driver slots. She also believed that her business could provide a ladder to success for disadvantaged residents.

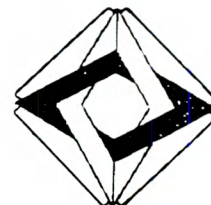
Rachel's Bus Company offers new drivers comprehensive training, professional pride, and an incentive program that encourages them to develop entrepreneurial skills and extra income. By soliciting charter bus contracts, drivers can earn commissions and full-time hours, and the option of year-round employment for those who want it.

Hubka has a policy of promoting from within, and is always on the lookout for employees whose skills could be utilized in positions of increasing responsibility. Many of Hubka's staff employees had little office experience before joining Rachel's Bus Company, yet have risen to become valued managers in the company. Hubka has also helped two high-achieving employees to start their own businesses.

Rachel's Bus Company has \$4.5 million in annual revenues and employs 23 full-time professionals and 120 bus drivers, 99 percent of whom are minorities. Rachel Hubka's dedication has built a profitable, quality-oriented business which is also an engine for personal and economic revitalization in a stricken neighborhood.

The Business Enterprise Trust

THE BUSINESS ENTERPRISE AWARD - 1995 RECIPIENTS



HAL ROSENBLUTH - ROSENBLUTH INTERNATIONAL

In less than 20 years since joining his family business, Hal Rosenbluth has transformed a small, regional travel agency into the third-largest travel company in the world. By 1995, Rosenbluth International had over 1,000 offices worldwide with 3,400 employees and \$2.5 billion in sales. Throughout this period of explosive growth, the company's internal culture has remained open and employee-centered. Acclaimed for its quality of service to major corporate clients, Rosenbluth International is equally respected as a font of creative, socially-minded business initiatives.

This dual success reflects Hal Rosenbluth's personal priorities. As a young vice president with the company in the 1970s, Rosenbluth was frustrated to find office politics and a lack of teamwork holding back the company's potential. Rosenbluth demoted himself to reservations agent and saw firsthand the impact that a positive, team-oriented working environment can have on customer service. When he became president in 1985, he made it his goal to replicate this fairness, cooperation, and friendliness throughout the company.

Decision-making at Rosenbluth International is now decentralized, with associates at all levels operating under minimal supervision. During the company's rise to the top of the travel industry, layers of hierarchy have actually been reduced. Rosenbluth maintains an open-door policy, and has instituted "upward reviews" in which associates evaluate the performance of their managers.

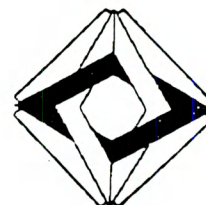
Employee loyalty has contributed to the company's award-winning customer service, and to a turnover rate a fraction of the industry average. In 1991 Rosenbluth started a bonus program for reservationists based on their volume of error-free reservations. The average pay for these workers rose sharply, yet the company saw a net savings through gains in accuracy and employee retention.

Rosenbluth contends that "profits are a natural extension of happiness in the workplace," and that happiness in turn depends on putting the company's own people first. This philosophy is demonstrated in the title of Rosenbluth's 1992 book, *The Customer Comes Second And Other Secrets of Exceptional Service*.

Hal Rosenbluth continues to actively reinvent his role and expand ideas of what a business can be. His initiatives have translated directly into extraordinary success in a competitive industry.

The Business Enterprise Trust

THE BUSINESS ENTERPRISE AWARD - 1995 RECIPIENTS



VERMONT NATIONAL BANK

Vermont National Bank, an independent bank with nearly \$1 billion in assets, pioneered a new banking program that invites consumers to channel their money to a special loan fund that exclusively serves social and community needs. Depositors can assign any of their conventional bank accounts, including checking and savings, money market, CD's and IRA's, to the Socially Responsible Banking Fund, while still receiving the same interest and federal deposit insurance coverage. The monies earmarked for the SRB Fund are then lent to companies and nonprofits that "make positive contributions to the environment, their communities, and their employees." Special priority is given to lending in five key areas: affordable housing, organic and sustainable farming, small business, environmental and conservation projects, and education.

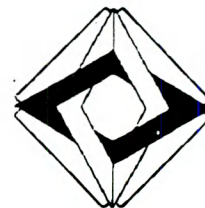
In just six years, the SRB Fund has attracted \$85 million in deposits, 75 percent of which is "new money" not previously deposited at the bank. The overwhelming majority of accounts are held by small depositors, who previously had little access to socially responsible investment vehicles. More than 9,500 customers now have money in the SRB Fund, which grew by \$30 million in 1994 alone. Besides boosting the bank's deposits at a time when overall deposits were shrinking in Vermont, the SRB Fund has given Vermont National Bank a distinctive market identity and stellar public image. It has also given the bank access to a large network of community-minded borrowers and depositors eager to do business with the bank.

One of the key achievements of the SRB Fund has been development of a more flexible, creative loan process that overcomes unwarranted bank prejudices against unorthodox loan applicants. Instead of applying rigid numerical formulas, VNB lenders spend extra time learning the specific needs of loan applicants in attempt to craft customized loan packages that meet all underwriting criteria. To ensure acceptable risks for both the bank and borrowers, VNB frequently steers borrowers to additional sources of equity and debt, often through its close relationships with nonprofit intermediaries for affordable housing, small business, organic farming and micro-businesses.

VNB's commitment to community lending has required extra labor, but it has also resulted in excellent loan performance. As of September 30, 1995, the SRB Fund has a commercial delinquency rate of 0.0 percent. Depositors, impressed by the bank's aggressive commitment to Vermont communities, continue to shift significant amounts of money to the SRB Fund, boosting the bank's overall financial performance.

The Business Enterprise Trust

THE BUSINESS ENTERPRISE AWARD - 1995 RECIPIENTS



JUDY WICKS - WHITE DOG ENTERPRISES

Judy Wicks is the founder and proprietor of the White Dog Cafe, a popular 200-seat restaurant near the University of Pennsylvania in Philadelphia. Since 1983 Wicks has creatively used her restaurant to build a sense of community in an ethnically diverse city while providing an acclaimed dining experience. For its new-style American cooking, *Conde Nast Traveler* named The White Dog Cafe one of 50 American restaurants "worth the journey." But beyond its excellent meals and service, The White Dog Cafe is known for its many distinctive programs that market the restaurant while bringing people of diverse races, religions and nationalities together. These programs include:

The Table Talk Series. An ongoing lecture series that features notable speakers addressing timely social and political issues several times every month.

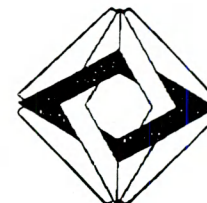
The "Sister Restaurant" Program. This project takes customers of the White Dog Cafe to "sister restaurants" in various ethnic neighborhoods of Philadelphia and in numerous foreign countries. The goal: to break down prejudices and promote people-to-people understanding.

Community Tours. To help its customers learn more about Philadelphia's social problems and constructive solutions, the restaurant sponsors Saturday tours of affordable housing, child welfare facilities, and the city's celebrated inner-city gardens and wall murals.

Teenage Mentoring and Community Involvement. The White Dog hosts a monthly "Saturday Rap" brunch for teenagers, and recently started a nonprofit affiliate that helps teenagers become active in civic and community affairs. This complements the restaurant's mentoring program which introduces young people to the hospitality industry.

The White Dog Cafe also hosts a "storytelling salon" that each week invites senior citizens, ex-convicts, immigrants and other "under-represented people" to publicly talk about their lives in a casual setting. At special-event dinners, the restaurant celebrates the birthdays of Mahatmas Gandhi and Martin Luther King, Jr., and an annual "Freedom Seder" brings together African-Americans and Jews. The adjacent Black Cat Gift Shop, also owned by Wicks, sells products made by disabled youths, women's shelters, farmer cooperatives and other social enterprises. In a competitive industry renowned for tight margins, Wicks has crafted a highly successful \$4 million business proposition from her social vision: bringing disparate people together through great food, spirited talk and community outreach.

The Business Enterprise Trust

THE BUSINESS ENTERPRISE AWARDS - 1995 RECIPIENTS**THE HAAS FAMILY - LIFETIME ACHIEVEMENT AWARD**

In 1920 Walter Haas Sr. decided not to liquidate the small dry-goods and manufacturing firm his father-in-law had inherited from uncle Levi Strauss. Throughout his thirty-year tenure as company President, Haas would go on, instead, to dramatically expand the business based on its premier denim products and on the ethical precepts established by the company's founder. Haas, along with brother-in-law Daniel Koshland, demonstrated a deeply rooted personal commitment to the well-being of his employees: avoiding layoffs at great costs, providing generous stock options and bonuses, and keeping in touch with retirees.

Throughout their tenure at Levi Strauss & Co., Walter Jr. and brother Peter Haas shared their predecessors' concern for more than the "bottom line." They proved that a strong commitment to all of their constituents could result in a tremendously profitable business. Taking over leadership of the company in the late 1950s, Walter Jr. and Peter transformed the company from a regional work-pants manufacturer into the largest clothing maker in the world. It was also under their direction that the first of Levi Strauss & Co.'s southern facilities was opened as an integrated facility in the early 1960s, in advance of Federal legislation mandating desegregation — and in the face of tenacious local resistance. Beyond integration, Walter Jr. and Peter Haas established ambitious minority hiring goals in 1967, fully three years before the Fair Employment Practices Act was promulgated by Congress to prod other businesses into similar action.

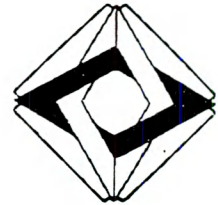
Walter Jr. and Peter also pioneered the concept of Community Involvement Teams. CITs are groups of employees which volunteer their time in their communities for projects ranging from the painting of a homeless shelter in San Francisco, to the establishment of a dental clinic for needy families in rural Tennessee, to the digging of a well for school children in the Philippines.

Since 1984, Walter Jr.'s son Robert Haas, Levi Strauss & Co.'s current CEO, has redoubled his company's efforts to achieve socially responsible commercial success in the intensely competitive global marketplace. Levi Strauss & Co. was a leader among major companies in developing AIDS education programs for employees, aggressive diversity initiatives and a massive re-engineering designed to drastically improve customer service and worker empowerment. Under Haas' direction, the company also became the pioneer in extending medical benefits to unmarried partners of employees and global sourcing guidelines for the conduct of their contractors overseas.

Though the business environment has changed radically over the last 70 years, successive generations of the Haas family have preserved and strengthened their commitment to all of Levi Strauss & Co.'s diverse constituents while adapting successfully to the rigors of intense competition in a global marketplace.

The Business Enterprise Trust

THE BUSINESS ENTERPRISE AWARDS — 1994 RECIPIENTS

**MARIO J. ANTOCI - AMERICAN SAVINGS BANK**

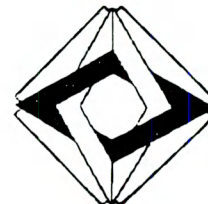
Residents of low-income and minority neighborhoods throughout the United States often find bank loans very difficult to obtain. Language barriers, intimidating credit policies and distant branches tend to discourage applicants, and most banks consider low-income areas highly risky. For many years, California's American Savings Bank was no exception. In 1989, however, Mario Antoci, American Savings' new CEO, set out to revolutionize his bank's policies — and open up new opportunities for the underserved inner-city market. Antoci was convinced that a profitable, reliable market did exist in low-income neighborhoods. The key was to understand and incorporate the social and cultural differences that banks had historically seen only as obstacles.

Antoci launched a bold, imaginative, and comprehensive effort to work with, and in, California's low-income communities. New branches were opened in predominantly Latino East Los Angeles and predominantly black South-Central L.A., areas which had been largely abandoned by major financial institutions. Outreach efforts were conducted in a variety of languages to meet the needs of the diverse population. Respect for this diversity, both among employees and customers, was made a cornerstone of the company's operating philosophy.

Equally important, specialized underwriting guidelines were created to more accurately target and evaluate risk variables for low-income applicants. For example, because many low-income applicants do not have bank accounts, American Savings Bank decided to accept records of timely rent and utility payments as evidence of an applicant's reliability. Cash income was also accepted as part of a couple's qualifying income, provided that at least one did receive a W-2 wage statement. Antoci further realized that the traditional commission-based compensation system for loan officers discouraged low-income loans, because they tend to involve smaller sums of money and time-consuming credit and reference checks. In response, the bank designed a separate compensation system to encourage its loan officers to service lower-income clients.

These initiatives proved so successful that by 1991 American Savings Bank had become, proportionally, the leading lender to California's low-income communities. Low-income housing activists who had earlier picketed the bank now praised it as a model of community reinvestment. True to Antoci's claim that such lending is good business, American Savings Bank's loans in low-income neighborhoods are among the best in its overall portfolio. In Los Angeles, the delinquency rate on the bank's loans in poor neighborhoods is one-third the rate in affluent areas. Antoci's inventive, aggressive efforts have given thousands of low-income Californians the opportunity to purchase homes, and have helped to make American Savings Bank one of the most stable and profitable thrifts in the country.

The Business Enterprise Trust

THE BUSINESS ENTERPRISE AWARDS – 1994 RECIPIENTS**FEL-PRO INCORPORATED**

Fel-Pro, an automotive product manufacturer based in Skokie, Illinois, is committed to helping its employees balance the tensions between their work and personal lives. For over twenty-five years, Fel-Pro has aggressively built programs to address work-life issues, including on-site child care, elder care assistance and subsidized continuing education for the company's 2,300 employees and their dependents. Fel-Pro's enviable array of benefits has been matched by an admirable record of corporate growth and profitability. The company's positive labor-management culture has enabled it to enjoy enthusiastic employee support and adapt to rapid, far-reaching changes in its markets.

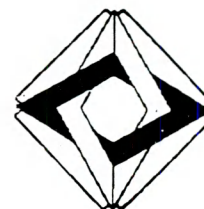
In the late 1960's, Fel-Pro found that many of its urban employees had little access to recreation sites. The company responded by purchasing 200 acres of land for employees' recreational use. Fel-Pro went on to create a summer day camp at the site, serving hundreds of employees' children each year. Other family programs followed: a day care center near the Fel-Pro plant for pre-school aged children, and emergency home care for employees' sick dependents. Counseling and referrals are available on elder care and parenting skills. All employees also have access to services such as income-tax preparation, legal information, and an on-site fitness center.

Fel-Pro has particularly focused on furthering education, both for employees and their dependents. Fel-Pro employees receive tuition reimbursement for college- and graduate-level studies. Their children are eligible for college and trade school scholarships, plus support services such as admissions counseling and subsidized tutoring. Employees' children often hold summer jobs at Fel-Pro while they pursue an education, and many join the company full-time after graduation.

All of these programs contribute to a culture of mutual loyalty and respect at all levels of the company – a culture which is reflected in Fel-Pro's ability to retain and motivate its employees. Less than one percent of Fel-Pro employees leave the company. What's more, employees share a personal commitment to the company's goals and drive the continuous improvement process. Fel-Pro's work-life support programs form the cornerstone of an organization which is stable, but also flexible enough to thrive in a volatile marketplace.

The Business Enterprise Trust

THE BUSINESS ENTERPRISE AWARDS — 1994 RECIPIENTS

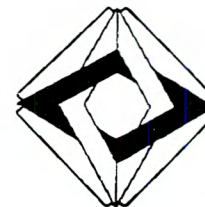
**BARBARA B. ROBERTS - FPG INTERNATIONAL**

Barbara B. Roberts, president of FPG International, helped transform this stock-photography agency into one of the most successful agencies in the world by developing a new breed of "real life" photos for advertisers, magazines and other businesses. Roberts reinvigorated FPG both artistically and commercially by seeking out non-traditional imagery depicting a wide spectrum of social reality: a business executive in a wheelchair; an Asian female doctor counseling a patient; a homeless mother and child; an elderly couple exercising. By breaking down industry norms that emphasized idealizations of white, mainstream American life, Roberts' "diversity strategy" has introduced thousands of new images into public consciousness, subtly changing public awareness of America's true diversity.

In celebrating diversity in all company dealings, FPG has reaped all sorts of new synergies — in the marketplace, by capitalizing on latent client demand for "real life" photos; in the workplace, by eliciting greater creativity and teamwork among all employees; and in the community, by exposing FPG employees to the satisfactions of mentoring disadvantaged young people. She has also implemented a policy unique to her industry by refusing to sell FPG photos to demeaning magazines and by obtaining clearance by the real-life people portrayed in FPG photos before they are used in sensitive subject areas.

Roberts has proven to industry skeptics that non-stereotyped photos do sell, both domestically and internationally. In the five years since joining FPG, Roberts has quadrupled the company's revenues from \$7 million to nearly \$30 million. She has also been successful in attracting top photographers who formerly worked only "on assignment," long the most prestigious niche in commercial photography. FPG's success has been fueled in part by the very business factors that Roberts predicted would change stock photography in the 1990s: the changing demographic profile of American consumers, the fragmentation of business marketing, the integration of the global economy and the relative scarcity of photos to address these emerging business trends. There are 400 photo agencies in the United States which together sell about \$300 million of images each year. FPG is now considered one of the Big Three, and is a closely watched pacesetter.

The Business Enterprise Trust

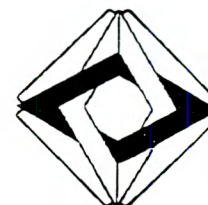
THE BUSINESS ENTERPRISE AWARDS — 1994 RECIPIENTS**HOWARD SCHULTZ - STARBUCKS COFFEE COMPANY**

As CEO of Seattle-based Starbucks Coffee Company, Howard Schultz recognized that employee loyalty and motivation were critical to maintaining a competitive edge in the specialty retail market. Determined to increase employee satisfaction and give workers a stake in the company's success, Schultz designed a remarkable benefit plan, one so comprehensive it included stock options and health coverage for all workers, two-thirds of whom were part-time. As a result of this commitment, Starbucks built a dedicated workforce renowned for its exceptional service. Schultz's philosophy has paid off in growth: at the end of Fiscal 1994, Starbucks will have opened over 400 stores nationwide, serving 2 million customers weekly. The compounded annual growth rate has reached over 70 percent for the past five years and projected annual sales by year-end 1994 will total \$270 million.

Medical and dental insurance is available after 90 days to employees who work at least 20 hours per week. Although the company's insurance premiums rose after extending the benefits to part-time employees, the increase has been offset by lower training costs that stem from lower attrition rates. In fact, Starbucks' turnover has been one-third lower than that of other companies in the specialty retail trade. A key feature of the Starbucks' benefit package is the innovative stock option plan, offered to all 6,000 "partners" which was implemented when Starbucks was still a privately held company. In its first year, over 70 percent of Starbucks' employees participated in the "Bean Stock Program." Workers are also eligible to join a 401(k) plan and enjoy benefits that include vacations, holiday pay and discounts on Starbucks' merchandise.

Schultz's innovative, comprehensive benefits package has a special relevance for America's ever-growing part-time labor force. He has demonstrated that cultivating the skill, loyalty and well being of these often neglected workers is an investment that can yield a significant competitive advantage in the marketplace.

The Business Enterprise Trust



THE BUSINESS ENTERPRISE AWARDS — 1994 RECIPIENTS

XEROX CORPORATION - LIFETIME ACHIEVEMENT AWARD

The most revealing measures of business success are not quarterly or annual, but generational. Nothing better illuminates the character and values of a business enterprise than the long sweep of history, with its dramatic changes in markets, technology and social need. It is by this reckoning that The Business Enterprise Trust is proud to present the Xerox Corporation with its fourth annual Lifetime Achievement Award for its consistent corporate leadership and social vision in the face of unprecedented change.

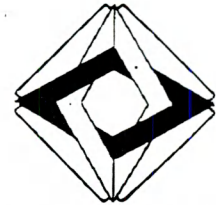
Xerox Corporation's visionary leadership revolves around four key individuals who have led the company over the past two generations: Joseph C. Wilson, Xerox's first CEO (1945-1968); Peter McCollough (1968-1982); David Kearns (1982-1990); and Paul Allaire (1990-present). While the challenges faced by these executives have differed greatly, each showed a commitment to certain common values: faith in promising but unproven ideas, the courage to show corporate leadership at substantial risk, and a sense of idealism in the face of daunting social and economic problems. Looking beyond short-term costs and obstacles, Xerox has shown an exemplary willingness to honor bold concepts and grand ideals.

This corporate ethos has enabled Xerox to repeatedly transform itself and its products over the course of nearly fifty years of change. This has been most conspicuous in Xerox's pioneering development of document-copying technology, personal computers, the mouse, software icons, electronic mail, laser printers, and more recent breakthroughs in computer networking and distributed printing. Like most businesses, Xerox has made miscalculations along the way and experienced setbacks. Yet it has repeatedly shown resiliency and imagination in re-inventing itself and nurturing its competitive spirit. This rare capacity has its deepest roots in the company's organizational culture. More than any product or market franchise, Xerox realizes that its most important corporate assets are its people and its values.

A company that cultivates the highest aspirations of its employees is also, quite naturally, a social leader. Following racial unrest and anti-poverty campaigns in the 1960s, Xerox initiated numerous outreach programs that provided job training, minority contracting, community volunteers and paid social service sabbaticals — programs that continue to this day. The company has also shown a firm commitment to diversity on its corporate board, in its executive ranks and among its entire workforce. The Xerox Corporation's exemplary performance over two generations confirms a fundamental truth, that innovation in technology and organizational culture is best fostered by a constancy of values and social vision.

The Business Enterprise Trust

THE BUSINESS ENTERPRISE AWARDS — 1993 RECIPIENTS



DAKA INTERNATIONAL INC.

The AIDS epidemic, long recognized as a medical and social problem, has become a significant business concern. Individuals most affected are between 25 and 45 years of age, a prime segment of the nation's workforce. The disease is also spreading to women, youths and minorities, whose role in the labor force is steadily growing. As people with AIDS live longer, making the illness a chronic disease, business also faces new complications in managing the workplace, crafting employee policies and determining benefits. How can a company manage a workforce and maintain productivity in the face of this stigmatizing, tragic disease?

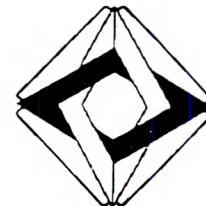
The Business Enterprise Trust is honoring DAKA International, Inc., a restaurant and food service business based in Danvers, Massachusetts, for its courage in implementing an aggressive AIDS education program in an industry highly vulnerable to public fears and misconceptions about the disease.

Every public health authority has concluded that the AIDS virus is not transmittable through food, and no known cases of AIDS have been transmitted in this way. Notwithstanding the scientific consensus, fear about AIDS has resulted in work stoppages and disruptions, sales declines, negative publicity and unlawful firings and litigation in dozens of businesses around the country. In the restaurant/food service business, some customers worry about becoming infected by employees with HIV or AIDS. Many workers still believe, erroneously, that sharing a work space or bathroom with HIV-infected people may be dangerous. Other companies fear that showing sensitivity to HIV-infected employees identifies the company with the disease.

Since 1987, instead of ignoring the facts and the growing magnitude of the AIDS crisis, DAKA has pioneered a series of progressive AIDS programs and policies for its 8,000 employees. First begun under President Allen R. Maxwell, DAKA's program now consists of an AIDS counseling office, a company hotline, a flexible sick leave and disability policy, a supportive benefits package and AIDS education for all employees. DAKA's campaign against AIDS makes it the only major food service or restaurant company to address the epidemic openly and aggressively. DAKA Chairman and CEO William Baumhauer is one of the few CEOs in the nation to become personally active in the fight against AIDS — through speeches, articles and participation in the National Leadership Coalition on AIDS.

The company has not only shown great moral leadership by taking a highly visible stand against AIDS but has also improved its business operations by minimizing the soaring business costs of the disease. By attracting and retaining loyal, motivated employees, DAKA has helped reduce its workforce turnover, a major cost in the food service and restaurant industries. The program has also enhanced DAKA's reputation as a progressive, caring employer.

The Business Enterprise Trust

THE BUSINESS ENTERPRISE AWARDS — 1993 RECIPIENTS**FINAST**

The decline of America's inner cities has been exacerbated by a lack of high-quality, reasonably priced supermarkets. For years, conventional wisdom in the supermarket industry has said that it makes no sense to serve distressed urban areas when profits in the serene suburbs come so much more easily. But, since 1986, Finast, Ohio, has demonstrated that a big business can operate profitably in the inner city, spurring new economic development in the process. Through resourceful management and active collaboration with local communities, Finast now runs six state-of-the-art "superstores" in the heart of Cleveland proper that offer the same wide variety and low prices as suburban stores.

The Business Enterprise Trust is honoring Finast for its vision in recognizing a neglected business opportunity and for serving a challenging market while enhancing overall profitability, operational skills and market share.

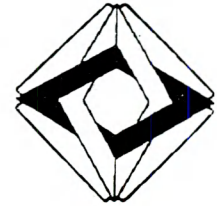
Finast superstores are the reincarnation of the decades-old Pick-N-Pay grocery stores of inner-city Cleveland. Original owner Julius Kravitz was committed to remaining in urban areas, and his social and business ideals continue to be shared by Finast's current management team. Those managers, including succeeding CEOs Richard Bogomolny and John Shields, oversaw major upgrades to the Pick-N-Pay stores (renamed "Finast") and the building of new superstores in inner-city areas. Finast was not only capturing a market niche but also keeping abreast of the general trend in the retailing industry toward bigger stores with a wider selection of products. The Federal Government and the City of Cleveland encouraged this economic development with fiscal incentives.

Finast managers devised creative solutions to the unique problems of operating in the inner city. First, they enlisted the aid of churches, civic groups and other key neighborhood institutions in winning community trust and support for their ventures. Second, they conducted exhaustive market research for each store to learn precisely what products and services were desired by customers of various ethnic backgrounds. Third, they dealt innovatively with operational issues: installing calculators on the shopping carts so customers could stay within their budgets and minimize the number of surplus items at the check-out stand, and employing security guards in the stores and parking lots to alleviate customers' safety concerns.

While the urban stores are a social and economic benefit to previously under-served communities, they are also money-making vehicles. Indeed, the eleven Cleveland-proper locations are profitable as a group and contribute to the chain's overall market share. Beyond these bottom-line results, Finast has reaped a wealth of management lessons applicable to its suburban stores.

The Business Enterprise Trust

THE BUSINESS ENTERPRISE AWARDS — 1993 RECIPIENTS

**JACK STACK**

Jack Stack, president and chief executive officer of Springfield ReManufacturing Corporation (SRC), Springfield, Missouri, has pioneered a highly effective and democratic management system that requires all employees to learn and use SRC's monthly financial statements to improve the company's performance. Through "open book management" and worker participation, Stack has elicited huge productivity gains and turned around a failing manufacturing plant in an intensely competitive industry. The system has not only made SRC highly competitive and responsive to changing market conditions but has also built a highly-motivated workforce and an exceptionally open and robust corporate culture.

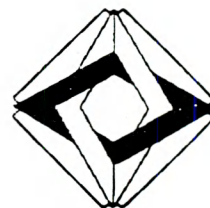
This remarkable system of running a company — dubbed "The Great Game of Business" by Stack — grew out of an attempt to save 119 jobs at a troubled engine remanufacturing plant then owned by International Harvester. In 1983, rather than accepting a likely shutdown or sale of the factory, Stack led twelve fellow managers in negotiating a leveraged buyout of the plant. Even though worker morale was low and the factory purchase required an unprecedented debt-to-equity ratio of 89 to 1, Stack and his colleagues were convinced that they could become profitable. Their strategy: revamp the production process. Teach everyone, from executive to shop floor worker, how their individual work performance affected key financial results. Forge an open and cooperative work culture. And give workers a substantial equity stake in the company.

Over the past ten years, the company has wildly exceeded all of these goals. SRC's annual revenues have grown from \$16 million to over \$70 million. Its workforce has grown from 119 to 439 employees, and another 300 jobs have been added as nine new subsidiaries were created. SRC's highly innovative management system has been so successful that hundreds of business people travel to Springfield each year to participate in the company's seminars. Stack's book about SRC's management philosophy and practice, *The Great Game of Business* (1992), has sold more than 50,000 copies.

The SRC management philosophy illustrates how managers can elicit the resourcefulness and higher aspirations of every employee, boosting business performance in the process. It has also demonstrated how an open corporate culture built around genuine communication, trust, worker empowerment and clear standards of accountability can greatly enhance a company's competitiveness and long-term growth.

The Business Enterprise Trust

THE BUSINESS ENTERPRISE AWARDS — 1993 RECIPIENTS

**JULIA STASCH**

Historically, men have held 98 percent of the jobs in the construction industry — high paying jobs with exceptional benefits. Julia M. Stasch, as president and chief operating officer of Stein & Company, a Chicago-based commercial real estate services firm, has helped change this situation by creating the Female Employment Initiative (FEI), a program that increases the number of tradeswomen on job sites.

Rising from secretary to executive at Stein & Company, Stasch realized that she could use the power of her position to advance the cause of equal opportunity. In 1984, she began taking affirmative action on behalf of minority-owned businesses that sought construction project contracts. In 1989 she decided to assist female construction workers as well.

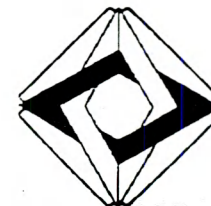
Stasch's approach is unique — and successful — because it is collaborative and comprehensive. She brings together as a unified coalition the owner/developer, prime contractor, subcontractors, affirmative action consultants, unions, women's advocacy groups and community-based organizations. While emphasizing creative cooperation, Stasch is nonetheless pressing for measurable results every step of the way.

FEI is distinctive because Stein & Company requires its contractors to share its commitment to an equal opportunity workplace. Stein also works with women's advocacy groups and community-based organizations to actively recruit women of all skill levels, and to facilitate access to union apprenticeships and job referrals. FEI representatives monitor hiring practices and act as advocates for women once they are on the job site, and frequent meetings are held so that all parties are in a continual dialogue regarding problems and opportunities.

Women constituted approximately 7 percent of the total work force on the first construction project to use FEI, in contrast to the norm of less than 2 percent. In 1990, Stein & Company received the Exemplary Voluntary Efforts Award from the U.S. Department of Labor's Office of Federal Contract Compliance Programs for its efforts. Since then, the program has been replicated on several Stein & Company projects as well as other projects around the country. FEI was used as the model program for congressional legislation, passed in 1992, to assist women in the pursuit of "non-traditional" occupations.

Stasch's efforts have benefited not only tradeswomen but also her own firm. Stasch helped her firm become a major force in the construction industry by differentiating Stein & Company as a creative, socially concerned enterprise in a highly competitive market.

The Business Enterprise Trust

**THE BUSINESS ENTERPRISE AWARDS — 1993 RECIPIENTS****FRANK STANTON - LIFETIME ACHIEVEMENT AWARD**

Frank Stanton, the president of Columbia Broadcasting System for 26 years, is the businessman and visionary who transformed an obscure chain of radio affiliates into the preeminent television network of his time. Under his public-spirited leadership, "CBS News" emerged as an influential public resource, serving as the industry model for independent, quality journalism.

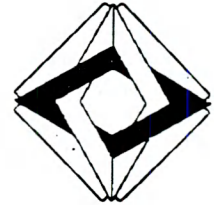
Stanton's influence was not limited to one company or a single industry. As a pioneer in behavioral science, his revolutionary methods to measure and analyze radio and television audiences are still used in broadcasting today. He designed and supervised the construction of CBS's famed New York City headquarters and served as head of the arts committee of Lincoln Center — two of many achievements in architecture and design that earned respect and acclaim in the artistic community.

Frank Stanton's scientific techniques and dedicated leadership enabled CBS to build a communications empire, but many consider his greatest contribution to the industry to be his steadfast commitment to effective and independent broadcast journalism. Throughout his career, Stanton acted as the industry's statesman and frequently appeared before Congress to speak out against government censorship. In 1965, for example, despite intense pressure from the Johnson White House, Stanton aired news reports about the atrocities committed by American soldiers in Vietnam. Years later, when CBS came under fire for broadcasting "The Selling of the Pentagon", a documentary critical of the Department of Defense, Stanton risked imprisonment when he defied a Congressional subpoena for the program's outtakes. Stanton received five Peabody Awards for distinguished achievement and public service in broadcast for his promotion of open and uncensored journalism. He has often been described as "the conscience of the broadcasting industry."

Upon his retirement from CBS, Stanton chaired the American Red Cross for six years and served on the boards of the Rockefeller Foundation and the William Benton Foundation.

Doctor of psychology, network president, industry statesman and influential patron of the arts — Frank Stanton has helped shape the last half century of American culture, and significantly contributed to the integrity and character of broadcast journalism.

The Business Enterprise Trust



THE BUSINESS ENTERPRISE AWARDS — 1992 RECIPIENTS

GUN DENHART - HANNA ANDERSSON

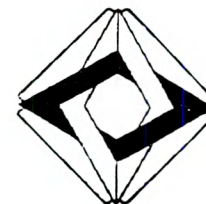
Gun Denhart, Chief Executive Officer of Hanna Andersson, was honored with a Business Enterprise Award for creating the Hannadowns program, an innovative way to satisfy a major marketing objective while simultaneously filling a critical social need.

Hanna Andersson is a direct mail order marketer of 100% cotton clothing, established by Gun Denhart and her husband, Tom. Upon the birth of their son in 1980, the Denharts had trouble finding durable, attractive cotton clothing for children — the type Gun wore as a girl in her native Sweden. Feeling there was an opportunity to capitalize on the second generation of the Baby Boom, the couple in 1983 began what would quickly become a successful mail order company.

Gun Denhart conceived of the "Hannadowns" program in 1986 during a conversation with a friend who had commented on the waste tolerated in the U.S. as compared to Sweden. For marketing purposes, Denhart wanted to emphasize the durability of the clothes — the idea that "Hannas" are made to last for more than one child. For social purposes, she wanted to somehow give back to the community that supported her business, particularly to those less fortunate. These multiple goals resulted in Hannadowns, a program which encourages Hanna Andersson customers to return their used clothing for a 20 percent credit on future purchases. The company then donates the clothes to needy children, in particular those living in emergency shelters to escape abuse, and to those who are homeless. As of March 1994, the Hannadowns promotion has generated credits of over \$700,000. The program continues to grow rapidly. The Hannadowns program is a key feature of the marketing strategy which has grown the company to over 600,000 customers, 270 employees and annual sales of over \$44 million. The company sends out 13 million catalogues per year.

Hannadowns is the cornerstone of a broader commitment on the part of Gun Denhart to support programs specifically geared to disadvantaged women and children. Now that Hanna Andersson is a commercial success, Denhart continues to explore ways to support social change while enhancing her company's business success.

The Business Enterprise Trust

**THE BUSINESS ENTERPRISE AWARDS — 1992 RECIPIENTS****INLAND STEEL INDUSTRIES AFFIRMATIVE ACTION FOCUS GROUP**

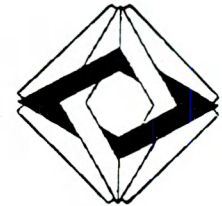
Five employees of Chicago's Inland Steel Industries were jointly honored for creatively promoting greater sensitivity to workplace diversity and multiculturalism and expanding opportunities for minorities within their corporation.

When Steven Bowsher, an 18-year veteran of Inland Steel, was named general manager of sales for the Inland Steel Flat Products Co. in 1987, he was approached by a group of four middle-managers — Tyrone Banks, Vivian Cosey, Robert Hudson and Scharlene Hurston — who complained to him of the difficulties minorities and women still faced in business and at Inland Steel. Bowsher met with the group — and listened closely. He then embarked upon a process of self-education and reflection, and attended an intensive workshop on race relations which produced a "conversion experience". Bowsher and the four employees together, as the Affirmative Action Focus Group, worked to initiate significant change in gender and race relations within Inland's sales operation.

Bowsher also took it upon himself to push for more substantive change throughout the organization. He required all 100 of his staff to attend the race relations workshop, and convinced Inland president Robert Darnall to attend as well. Darnall, also moved by the experience, requested that other executives at Inland develop action plans for improving the utilization and development of their diverse workforce. In conjunction with Darnall's directive and the continuing influence of the Affirmative Action Focus Group, other Inland employees began to take courageous steps, as the original group had done, to communicate with supervisors and one another. Hispanic and women employees' focus groups formed to discuss and address needed action, and hundreds of management-level personnel from other departments began attending diversity workshops.

The recruitment and promotion of women and minorities has become a significant priority within the organization, and non-management employees have begun participating in diversity training workshops. Over 800 Inland executives and employees have now attended. Thanks to Bowsher, Banks, Cosey, Hudson and Hurston, Inland Steel Industries has been energized to take increasingly aggressive action to improve opportunities for minorities and women.

The Business Enterprise Trust

**THE BUSINESS ENTERPRISE AWARDS — 1992 RECIPIENTS****THE PRUDENTIAL INSURANCE COMPANY OF AMERICA**

Prudential was honored for its sensitivity to the needs of its policyholders in creating the Living Needs Benefits program in life insurance, an innovation that has since been embraced by the entire industry.

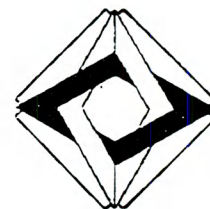
The aging of the population and increasing costs of terminal illness are placing intense new burdens on the nation's system of long-term health care. Nursing home costs are skyrocketing, and more than 10 percent of elderly Americans require such care today — a number certain to climb in the decades ahead. In January 1990, Prudential announced an innovative approach to coping with these spiraling costs: a new "Living Needs Benefit" option offered, at no additional charge, to their life insurance policyholders. The option, which allows the terminally ill and permanently confined to receive life insurance benefits before their death, creates a brand of life insurance that is both humane and cost-effective. By giving the terminally ill access to what is frequently their only major asset, the program can provide some dignity and control in the final months of life.

The concept of accelerated benefits was first considered by Prudential employees in both the United States and Canada in 1986. That year, Ron Barbaro, at the time President of Prudential's Canadian operation, visited a Toronto AIDS hospice. Moved by a patient's plea to "help us die with dignity," Barbaro charged his employees with developing a way in which terminally ill and permanently confined policyholders could gain earlier access to their benefits. Despite initial concerns that it was not feasible, the group eventually developed the product. Concurrently, Prudential attorneys and actuaries in the United States were discussing alternate designs for their own "accelerated benefit" rider and the substantial legal and regulatory hurdles such a program would encounter. While Barbaro had an easier time instituting the rider in Canada, Prudential employees in the U.S. labored through an excruciating year-and-a-half process of regulatory and legislative approval of the program in each of the fifty states.

The program pays approximately 90 - 95 percent of the face value of the policy. There is no upfront charge: rather, it is "paid" by applying a discount rate to the benefit, if and when the accelerated benefit is requested. Claims are processed within two weeks, and there are absolutely no restrictions on how the insured may use the benefit. As of October 1993, Prudential had paid out more than \$48 million to 588 policyholders, with an average payout of over \$80,000.

Since Prudential took the lead, many other insurance companies have followed suit in offering some form of accelerated benefits. Prudential's business has benefited as well: increased sales of Prudential's permanent life policies is in part attributed to agent and customer interest in accelerated benefit riders. Prudential officials also report the program has significantly boosted company morale.

The Business Enterprise Trust



THE BUSINESS ENTERPRISE AWARDS — 1992 RECIPIENTS

RICK SURPIN - COOPERATIVE HOME CARE ASSOCIATES

Rick Surpin, President of Cooperative Home Care Associates, was honored with a Business Enterprise Award for creating a robust, profitable business that provides quality jobs for under employed workers in the South Bronx, New York.

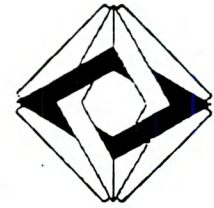
As director of community economic development at the Community Service Society of New York, Surpin believed that worker-owned businesses offered one of the most promising vehicles for achieving social objectives within a business context. To test this idea, Surpin searched for a new business that could employ over 100 people, enter a growing market, provide a socially useful product or service, and provide the potential for "decent" jobs (salaried positions of over \$15,000 a year with benefits and a career ladder) for people who otherwise had few job opportunities.

Surpin believed that the home health care industry held great promise, despite a 60 - 70 percent annual turnover rate of employees, low wages and poor benefits. By creating a worker-owned health care business, he believed that profits could be re-invested internally, and the company could offer better wages and benefits, and full-time employment. Not only could the business provide good jobs for low-income individuals, it would enhance their self-confidence and ambition for career advancement. By helping home health care workers gain a greater sense of control over their lives, employees would be more satisfied, turnover would decline, and the quality of home care would improve.

With \$400,000 in medium-term debt from a variety of alternative lenders, Cooperative Home Care Associates (CHCA) was born in 1985. Most of the company's employees are African-American and Hispanic women who live and work in the South Bronx and Harlem. Many are single heads of households, and nearly 85 percent were on public assistance before they began working at CHCA. Surpin deliberately fostered a sense of "organizational ownership" among the aides, and employees are treated with great dignity and respect. Most of the company's 300+ aides have opted to become worker-owners, entitling them to vote for board members and on major policy issues. Worker-owners control 100 percent of the company and enjoy dividends. In addition, the majority of CHCA's nine directors are home care aides.

Today, Cooperative Home Care Associates has eight contractors and revenues of \$4.5 million. Employee turnover is at 20 percent, one-half that of the industry norm and the average wage per hour is \$7.50, approximately 15% greater than the industry average. By restructuring the internal dynamics of a home health care company so that it is a genuine community, Rick Surpin has made Cooperative Home Care Associates a "yardstick corporation" whose achievements and reputation in a difficult field set new standards by which other companies in the industry are judged.

The Business Enterprise Trust

**THE BUSINESS ENTERPRISE AWARDS — 1992 RECIPIENTS****J. IRWIN MILLER - LIFETIME ACHIEVEMENT AWARD**

J. Irwin Miller was honored with The Business Enterprise Lifetime Achievement Award for his commitment to responsible management and his concern for all those touched by his enterprises.

Miller was born in 1909 in Columbus, Indiana. His family was both wealthy and religious, two attributes that later influenced his thoughts and actions as a business leader. An outstanding student, Miller graduated from Yale University in 1931. He went on to study politics at Oxford University, where he received a masters of arts. He returned to Columbus in 1934 as General Manager of Cummins Engine, a fledgling diesel engine business started by his great-uncle. At that point, the company had yet to make a profit, and employed just 60 people.

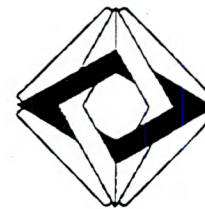
By improving engine technology and manufacturing quality and cutting costs, Miller helped turn the company around. By 1937, Cummins was profitable, and remained so throughout Miller's long stewardship. When he stepped down as chief executive in 1977, Cummins was a billion dollar company with nearly 50 percent of the U.S. market for diesel truck engines and a 12 percent return on equity for all but seven of the prior thirty years. Throughout this time, Cummins was a pacesetter in many areas of social concern.

J. Irwin Miller was especially concerned with business' role in righting racial inequities. A vocal supporter of the civil rights movement, he worked actively to promote it, helping organize the original March on Washington. He personally helped to desegregate Columbus, and recruited approximately 100 minority managers and trainees to Cummins between 1965 and 1973. Martin Luther King, Jr. once called Miller "the most progressive businessman in America."

Anticipating the long-term need to reduce engine omissions, Cummins led a forthright effort to develop improved engine technologies and worked with government to develop health standards and omission limits.

Under Miller's leadership, Cummins became renowned for its remarkable commitment to its community. The Cummins Engine Foundation paid world-renowned architects to design schools, churches and other public buildings for Columbus, establishing the town as a midwestern architectural mecca. Miller also instituted a policy for corporate giving under which 5 percent of pretax profits were donated to innovative charitable concerns. A classic scholar, musician and religious leader (from 1960 to 1963 he led the National Council of Churches in the U.S. as its first lay president), Miller creatively integrated his artistic and religious sensibilities with rigorous business management.

The Business Enterprise Trust



THE BUSINESS ENTERPRISE AWARDS — 1991 RECIPIENTS

GE PLASTICS

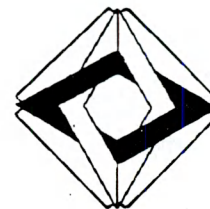
GE Plastics routinely sponsored employee golf and tennis matches and other physical competitions as a means of fostering teamwork and improving morale. But in 1988, the company's general desire for team-building gained a new urgency. GE acquired Borg-Warner Chemicals, which meant the integration of 5,000 new employees with GE's existing 9,000 — two groups which had been arch-rivals for decades. How could GE Plastics cultivate trust and loyalty among former Borg-Warner Chemical employees, "re-recruit" its own existing employees, and deal with the emotional trauma of staff layoffs and restructuring resulting from the acquisition?

This award recognizes GE Plastics for devising a remarkably simple but creative plan to combine employee team-building with community service. The sales, marketing, technology, and manufacturing departments of GE Plastics took a day out of their 1989 national meetings to renovate needy community facilities in San Diego, California. This program, called "Share to Gain," proved exceptionally successful at fostering team spirit while leaving something meaningful behind for the people of San Diego.

Joel Hutt, GE Plastics' manager of marketing communications, first proposed the "Share to Gain" concept. With the enthusiastic encouragement of GE Management, Hutt and a small team spent several months planning renovation projects near the national meeting site. Extensive planning was necessary to select suitable projects and to ensure that hundreds of GE employees could simply walk onto the sites and be effective. At the national meetings, employees were divided into work groups and asked to attend short "skills sessions" to get some basic training in painting, tile-laying, etc. Hutt received tremendous response: about 99 percent of the workforce participated. In total, the four GE Plastics departments renovated five San Diego community facilities including three YMCA buildings, a boys' & girls' club, and a shelter for the homeless. Over the two weeks of meetings, 3,200 gallons of paint were applied, 2,000 windows installed, and over 40,000 square feet of vinyl and carpet laid.

In addition to making a profound impact on the community centers, GE Plastics gives glowing reports on the team-building effects of "Share to Gain." Prior to the San Diego meetings, many managers from Borg-Warner still considered GE Plastics to be "the competition." After a day of pounding nails, painting walls, and planting shrubs, they were teammates. The success of the experiment has led GE to replicate the project elsewhere within the company and to promote the concept to other organizations.

The Business Enterprise Trust

**THE BUSINESS ENTERPRISE AWARDS — 1991 RECIPIENTS****LOUIS KROUSE**

Nearly 25 percent of Americans today do not have bank accounts. In low-income neighborhoods, the rate can approach 60 percent. For these citizens, paying the monthly utility bill can mean the purchase of expensive money orders month after month, or bus treks across town to pay bills in person. Moreover, because low-income people often must pay their bills at the last minute, it is not uncommon for their phone or electric service to be cut off — later requiring expensive charges to restore service.

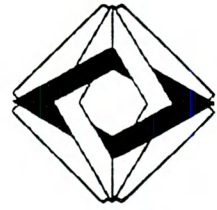
This pervasive problem troubled Louis Krouse, a long-time employee and management trouble-shooter for New York Telephone. As an expert in electronic information systems, Krouse saw great potential in devising an electronic funds transfer system to meet the payment needs of low-income people. Risking his job security, his entire savings, and all the credit card debt he could muster, Krouse left NYNEX to found National Payments Network (now known as Easy Pay). Krouse's unique system provides rapid, convenient, and inexpensive bill processing — all at no cost to the consumer. Consumers pay their utility bills with cash directly to merchants in their neighborhoods. The money is then electronically transferred to the utility company, allowing consumers' accounts to be credited within a day and utilities to receive payments within four days. In exchange for this administrative convenience, utilities pay between 45 and 55 cents per transaction, of which retailers receive 10 to 30 cents, depending upon their volume.

This elegant system benefits everyone: customers pay bills easily, without writing checks and without any transaction fees. Retailers earn transaction fees and attract a large number of potential customers to their stores. Utilities gain interest otherwise lost in delayed transactions, as well as fewer service cutoffs due to late payments.

Within three years the system was handling over 4 million transactions per month, and reaping annual revenues in excess of \$26 million. Western Union purchased the entire business in July 1989 for nearly \$30 million. This spectacular growth demonstrates the potential social and financial rewards of serving traditionally underserved low-income consumers in creative new ways.

The Business Enterprise Trust

THE BUSINESS ENTERPRISE AWARDS — 1991 RECIPIENTS



GAIL MAYVILLE

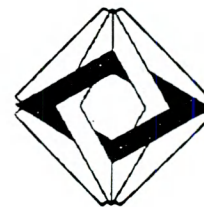
To honor the initiative and vision of individual employees who help their companies serve society better, The Business Enterprise Trust in 1991 cited Gail Mayville, a clerical employee who became the environmental coordinator of Ben & Jerry's Homemade, Inc. of Waterbury, Vermont. Mayville helped Ben & Jerry's, a premium ice cream company known for its commitment to global social issues, realize that it could do much more to address environmental concerns at home.

Gail Mayville came to Ben & Jerry's in 1986 as administrative assistant to the company's president. Reared on a farm where "we recycled absolutely everything — but for economic reasons," Mayville became disappointed that Ben & Jerry's was not doing more to lessen its own impact on the environment. She soon found an opportunity to make improvements. Ben & Jerry's growing production had led it to violate a town permit from Waterbury for disposal of ice cream waste. Mayville offered to handle the dilemma and devised a creative and cost-effective solution. She arranged for a special truck to come each day and cart the ice cream waste to a Vermont farmer who fed it to his pigs.

Mayville's environmental commitment was further encouraged by a company mission statement adopted late in 1988. The statement invited individual employees to propose things the company could do to fulfill any aspect of its mission. "That was my ticket," says Mayville, who wrote a detailed memo suggesting dozens of ideas for improving the company's environmental performance. Over the next eighteen months, Mayville initiated a flurry of proposals for purchasing recycled materials, decreasing packaging, and changing waste disposal procedures. There was no available technology to recycle the plastic ingredient buckets which flooded landfills used by Ben & Jerry's, so she worked with a national container corporation to develop such a technology. Coordinating efforts with other Vermont companies, she created new collection systems for recyclable materials and a consortium with sufficient buying power to purchase recycled products at reasonable prices.

Along the way, Mayville, whose formal education was limited to two years of college, became an environmental expert, addressing national recycling gatherings and even a United Nations commission. She pioneered ways of introducing recycling to small companies and rural locations. In mid-1990, Mayville invited other Ben & Jerry's employees to form a "Green Team" to take responsibility for the many environmental initiatives now underway. Gail Mayville's individual initiative, commitment, and dogged persistence have lead her company to become a leader in environmental efficiency.

The Business Enterprise Trust



THE BUSINESS ENTERPRISE AWARDS — 1991 RECIPIENTS

MERCK AND COMPANY, INC.

This Award recognizes a significant act of social conscience and business leadership: Merck & Co.'s open-ended commitment to donate a new wonder drug to millions of people in the Third World who desperately need but cannot afford it. Merck spent years developing the drug, despite its dismal commercial prospects, and then devised an ambitious system to distribute and administer it safely in remote villages throughout the Third World.

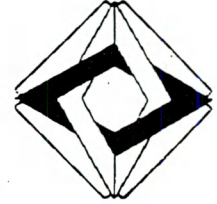
It is estimated that 18 million people in Africa and parts of Latin America and the Middle East carry parasitic worms that cause the painful, debilitating disease of onchocerciasis, commonly known as river blindness. Hordes of microfilariae swarm through the victims' skin and eyes, causing extremely severe itching, skin decay, lesions in the eyes, and eventual blindness. Some 350,000 of those afflicted are currently blind.

The first sign that there might be a preventive drug treatment for this ancient disease came in the late 1970s, when Merck researcher Will Campbell suggested that the river blindness parasite could be neutralized by a Merck veterinary drug, ivermectin. From the start, Merck realized that the potential commercial market for a treatment was dubious, given the poverty of the disease's victims. Nonetheless, the company, led by Dr. P. Roy Vagelos, the head of Merck's research division and now Chairman and CEO, gave the go-ahead for further research. By 1985, human clinical tests demonstrated that the drug, later named Mectizan, was safe for human use and remarkably effective at just a single dose per year. The French government approved Mectizan for use against onchocerciasis in October 1987.

Neither host governments nor international health organizations, however, could shoulder the costs of producing Mectizan. Furthermore, simply giving the drug away was not a solution because no distribution system existed to reach the millions of potential victims in isolated rural areas. Pressed by the realization that any delay would cost thousands of lives, Merck decided not only to donate an unlimited supply of Mectizan to the estimated 18 million at-risk individuals, but to help create a reliable international apparatus for distributing the drug.

Merck convened a five-member expert committee of world-class scientists and health officials to devise medical protocols for the safe distribution, record keeping and monitoring of Mectizan. The company has also played a major role in informing governments of the drug's existence and value, assigning a full-time "product manager" to oversee distribution, and creating a medical liaison with recipient African nations. Thanks to Merck's ongoing commitment, as of year-end 1993, over seven million persons have been treated in on-going programs in 34 countries.

The Business Enterprise Trust

**THE BUSINESS ENTERPRISE AWARDS — 1991 RECIPIENTS****JAMES W. ROUSE - LIFETIME ACHIEVEMENT AWARD**

James Wilson Rouse was honored with the Business Enterprise Lifetime Achievement Award for his visionary role in shaping American communities. Deeply involved in real estate development since 1937, Rouse has become synonymous with urban birth, renewal, transformation, and growth. Jim Rouse was born on April 26, 1914, on Maryland's Eastern Shore. Orphaned at sixteen, Rouse parked cars during the day to pay for University of Maryland Law classes at night. While in school, a 1934 clerkship at the Federal Housing Administration helped spark the ideas with which Rouse would later change the nation.

With every decade, Rouse has introduced a new development concept to the American landscape. As a member of President Eisenhower's 1953 Task Force on Housing, he was credited with bringing the phrase "urban renewal" into the nation's vocabulary. During this same period, Rouse developed the indoor shopping mall to give the suburbs their own Main Street. The 1960's found Rouse increasingly concerned with the flight from the cities and the resulting haphazard growth of outlying areas. The Rouse Company built Columbia, Maryland, as proof that proper planning could create a more integrated, healthier community. By 1990, Columbia's population had reached 77,000, and the city had a healthy job market, a hospital, a highly regarded school system, and a diverse racial make-up. In the 1970's, worried that cities were being abandoned, Rouse embarked on a new phase of urban revitalization with the development of the "festival marketplace." These markets, such as Faneuil Hall in Boston, are designed to provide the liveliness of the old-fashioned marketplace that had once been the heart of every city.

Since 1982, Rouse has devoted himself to the problems of housing for the urban poor. He began The Enterprise Foundation in 1981 with an extremely immodest goal: "To see that all poor people in this country have the opportunity for decent, affordable housing within a generation and to work up and out of poverty into the mainstream of American life." The non-profit Foundation aids neighborhood groups to build, own, and manage their own housing. Rouse next formed The Enterprise Development Company, a for-profit real estate development firm, to be a source of ongoing revenues for the Foundation.

Jim Rouse's philosophy is that "the only legitimate purpose of a city is to provide for the life and growth of its people." His lifelong commitment to using his business ventures to improve the lives of fellow Americans has created a more humane environment for urban and suburban dwellers alike.

*Will
copy
pages*

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

04-Apr-1996 04:32pm

TO: Gene B. Sperling
TO: Jason S. Goldberg
TO: Kathleen (Kate) Carr

FROM: Jennifer M. O'Connor
 Office of The Chief of Staff

SUBJECT: Nucor (Newcore?)

For when we put corporate responsibility back on the schedule...

First, the AFL-CIO and the Dept of Labor both called me to tell me what a mistake it would be to feature Nucor (newcore??) company. The Steelworkers tried to organize it and there is apparently some real bad blood. Can we agree to this or do we need to invite these folks?

Second, they are planning to ask to have 5-10 labor people invited to breakfast. They have not given me the list yet. But, they did ask me if they could see the list of who we are inviting. Are we sharing this list around? Can we show them? Can we tell them who the corporations are on the panels?

Name	Date
Karl Kacine	3/9/99

Counsel

File Corp Resp.

THE WHITE HOUSE
WASHINGTON

May 20, 1996

MEMORANDUM FOR DISTRIBUTION

FROM: NEC

SUBJECT: Media Coverage of the Corporate Citizenship Conference

Kate Carr
Cheri Carter
Bill Cury
Chris Dorval
Sara Farnsworth
Mary Ellen Glynn
Josh Gotbaum
Jeffrey Hunker
Jonathan Kaplan
David Lane
Anne Lewis
Leslie Loble
April Mellody
Jennifer O'Conner
Vicki Radd
Steve Ronnell
Stacey Rubin
Steve Silverman
David Shipley
Patrick Steel
Stephanie Streett
Stephanie Swirsky
Anne Walley
Michael Warren
Paul Weinstein

please read &
highlight (w/ yellow
sticky notes) any
"TEAM" Act
stuff

THE WHITE HOUSE
WASHINGTON

May 20, 1996

MEMORANDUM FOR THE PRESIDENT
THE VICE PRESIDENT

FROM: LAURA TYSON
ALEXIS HERMAN
GENE SPERLING
KATE CARR

SUBJECT: Media Coverage of the Corporate Citizenship Conference

While Thursday's Corporate Citizenship Conference received considerable media coverage immediately following the event, what is most impressive is the cumulative press coverage this single-day event received over a five day period:

HIGHLIGHTS:

- **Four-Page *Time* Magazine Article.**
- **3 *New York Times* Articles Including a Mostly Supportive Editorial**
- **2 *Washington Post* Articles.**
- **Front-Page *Los Angeles Times* Article**
- **5 *USA Today* Articles.**
- **Pictures of the President at the Conference:**
 - *New York Times,*
 - *Washington Post,*
 - *USA Today,*
 - *Washington Times,*
 - *Atlanta Journal Constitution (2 pictures),*
 - *Boston Herald,*
 - *Chicago Sun-Times,*
 - *Baltimore Sun,*
 - *San Diego Union-Tribune.*

SUMMARY OF MEDIA COVERAGE OF THE CORPORATE CITIZENSHIP CONFERENCE

TELEVISION COVERAGE

- **CBS Evening News.** Rita Braver story on the conference. Story included pictures from the conference and clip of you speaking at the conference. Story had a highly political tone, with Braver going out of her way to highlight a downsizing company that was not invited to the conference and to emphasize that the conference was designed to continue to show the President as president instead of candidate.
- **CNN.** Wolf Blitzer stories ran throughout the day with excerpts of the conference packaged into stories contrasting the campaigns of the President and Senator Dole. Irv Chapman also did a piece on the conference on *CNN MoneyLine*.

PRINT COVERAGE

- **Time Magazine**, May 15 edition. Four page article on the conference. Headline: "GOOD FOR THE BOTTOM LINE...At a command performance in Washington, President Clinton asks business leaders to do more for their workers."
- **Business Week**, May 13 edition. Two page article on corporate citizenship and what CEOs owe their employees. "The self-doubt will be underscored on May 16, when as many as 100 corporate chiefs troop to Washington for breakfast with President Clinton and his economic advisers. Clinton will urge CEOs to ease workers' jitters over downsizing. Then, at a conference at Georgetown University, he will spotlight the best "corporate citizens," asking progressive CEOs to share their secrets for family-friendly workplaces, training employees, and providing good benefits."
- **Los Angeles Times.** FRONT PAGE article on the corporate citizenship conference. Headline: "Clinton Nudges Businesses to Aid Workers."
- **New York Times**, May 17. Page 1 of Business Section -- Picture of President Clinton at the conference and article on the conference. Headline: "Clinton Prods Executives to 'Do the Right Thing.'"
- **New York Times**, May 18. Editorial. Headline: What Companies Can Do. In this editorial, the New York Times commended your approach: "[B]y focusing on businesses that are doing something right for their employees, he has found a way to touch base with anxious workers without engaging in destructive name-calling."
- **New York Times**, May 18. Page 31 of Front Section. Headline: "Bobbing and Weaving on Issue of Layoffs."

- *Washington Post*, May 17. Page 3 of Business Section -- Picture of President at the conference; story on Section 127 announcement and the conference. Headline: "Clinton Unveils Initiatives For Businesses...Tax credits for education, citizenship award proposed."
- *Wall Street Journal*, May 17. Two Stories -- Back page of front section blurb on the Ron Brown Award; page 3 business section article on the conference. Headline: "'Corporate Citizens' Get Clintonian Nod As Good to Workers...the president celebrates fay of policy talk and praise; theater, growls the GOP."
- *USA Today*, May 17. Page 4 in Front Section -- Picture from conference and article on the conference and the Presidents statements on Phillip Morris.
- *USA Today*, May 17. Editorial Section -- Point/Counterpoint. *USA Today* editorial board writes that President Clinton was correct in suggesting that "Workers want their fate and the fate of their company executives linked."
- *USA Today*, May 16. Interview With President Clinton. Headline: "Clinton takes Aim at Corporate Decency Issue."
- *USA Today*, May 16. Business Section Companion Article To Interview With President. Headline: "Bosses Bear Image Of Wickedness...CEOs having tough time shedding look of devil in a blue suit."
- *USA Today*, May 6. Page 3 of Front Section. Headline: "Clinton's Goal: Kinder, Gentler Corporations."
- *Washington Times*, May 17. Page 1 of Business Section -- Picture of President Clinton at the conference, story on the conference. Headline: "Clinton cites 'power of example' in praising worker-friendly CEOs."
- *Atlanta Journal-Constitution*, May 17. Page 1 of Business Section -- Picture of President Clinton at the conference, article on the conference. Headline: "Clinton Has Challenge For CEOs...president exhorts them to 'do well' by employees."
- *Miami Herald*, May 17. Page 1 of Business Section -- Picture of President Clinton at the conference, article on the conference. Headline: "'Do the Right Thing'" Clinton Urges Firms...he calls for better treatment of workers."
- *Chicago Tribune*, May 17. Page 1 of Business Section -- Article on the conference. Headline: "Clinton Hits Note For Job Harmony."
- *Chicago Tribune*, May 16. Page 11 of Front Section -- Pre-Event Article on the conference and the internal White House debate leading up to the conference. Headline: "White House Turns Spotlight On Worker-Friendly Employers; Seminar Will Stress Downsizing Not Always Necessary For Success."

- *Chicago Sun-Times*, May 17. Page 1 of Business Section -- Picture of President Clinton at the Conference. Caption reads: "Clinton Talks To CEOs...President Clinton urges corporate leaders to think of their employees as well as their shareholders as he opens a conference on corporate citizenship."
- *Philadelphia Inquirer*, May 17. Page 1 of Business Section -- Article on the conference. Headline: "Clinton Praises Firms With Employee-First Policies."
- *Minneapolis Star-Tribune*, May 17. Page 16 of Front Section -- Article on the conference. Headline: "Clinton Urges Breaks For Businesses That Treat Workers Well...president holds court with 100 executives to discuss worker anxiety and corporate citizenship"
- *Baltimore Sun*, May 17. Page 2 of Business Section -- Picture of President Clinton at the conference, story on the conference. Headline: "Clinton Cites Firms With Good Worker Relations...'corporate responsibility' includes watching out for employees, he says."
- *Hartford Courant*, May 17. Page 1 of Business Section -- Article on the conference. Headline: "Clinton Administration Gives Workers A Boost."
- *Boston Globe*, May 17. Page 1 of Business Section -- Article on the conference. Headline: "Clinton Urges Firms To Give Workers More Job Security."
- *Boston Globe*, May 17. Page 41 of Front Section -- Article on the President's mention of Aaron Feuerstein. Lead: "Malden Mills owner Aaron Feuerstein won a standing ovation from more than 50 of the nation's top corporate executives when President Clinton briefly praised him during a White House conference on corporate citizenship."
- *Portland Press Herald*, May 17. Front Page. Headline: "Clinton's Big Weapon To Better Worker's Lot: A Bit Of Peer Pressure...the president makes it immediately clear that he wants the private sector to deal with the public's growing concerns."
- *Fresno Bee*, May 17. Page 1 of Business Section. Headline: "Clinton Urges Greater Focus On Caring For U.S. Workers...the president also establishes award in memory of Ron Brown."
- *San Francisco Chronicle*, May 17. Page 3 of Front Section. Headline: "Clinton Calls For Corporate Caring...business leaders gather for forum."
- *San Diego Union-Tribune*, May 17. Page 22 of Front Section. Headline: "Clinton Hears Executives Tell How Helping Workers Helped Company Profits."

WIRE REPORTS

- **UPI**, May 16. Headline: "Clinton Calls For Family-Friendly Jobs."
- **AP**, May 16. Lead: "President Clinton is opening a new front in his election-year battle against economic anxiety this time hoping to turn the White House into a bully pulpit that will spotlight corporate responsibility."
- **AP Business Wire**, May 16. Headline: "President Clinton taps Bellevue, Washington CEO for Advice at Conference On Corporate Citizenship."
- **Reuters**, May 16. Headline: "Clinton Campaigns For Good Corporate Citizenship."
- **AFP**, May 17. Headline: "Clinton Calls On US Companies To Take On Social Responsibility."

GOOD FOR THE BOTTOM LINE

At a command performance in Washington, President Clinton asks business leaders to do more for their workers

By BILL SAPORITO

THE PRESIDENT IS CALLING. HE wants you, the big cheese at Megawhiz Amalgamated, to come to Washington to discuss "corporate responsibility." You are thinking, "I need this? Wall Street is screaming for me to slash jobs and increase the stock price; competitors are breathing down my neck; and tort lawyers are cruising the open oceans of commerce like so many U-boats, hoping to catch my logo in their periscopes. And the President wants to discuss responsibility?"

Indeed, he does.

This week the chief Chief Executive has invited the heads of some 60 companies to the White House to raise the c.r. issue. The timing seems a bit odd. The economy is moving along nicely, it seems, and the unemployment rate is a low 5.4%, courtesy of the more than 8 million jobs created, ahem, in the past 3½ years. Yet the anxiety rate among workers, still being spit out in huge numbers by a transforming economy, is high enough to give the Democrats a platform. And Clinton will use it to spotlight corporations—Procter & Gamble, Curley-Davidson, Xerox and Starbucks—that the Democrats believe are "doing well doing good."

While Clinton will have warm words for the saints, earlier this year business leaders were hearing something else from the retort of Labor Secretary Robert Reich. Until then, Treasury Secretary Rubin, maneuvered him aside, Reich was an advocate of using the tax code to reward corporations that avoid layoffs by retraining workers, among other things. He also talked about creating a "corporate hall of fame" to pillory the bad guys.

Clinton is more willing to let corporations figure it out themselves. His argument is that in an era of fast technological change and slimmer government, business must profit by embracing a broader mission. In a speech at Xavier University in Cincinnati, Ohio, last March, the President said, "What is the role of business in this new world? It should, first and foremost, do well, make money so you can hire people and

contribute. But it should, whenever possible, do well in a way that strengthens families and grows the middle class."

In some parts of the business community, the Administration's interest in the achievements of America's corporations doesn't pass the snicker test. "Chalk it up to election-year politics," says Martin Regalia, vice president for economic policy for the Chamber of Commerce. "They have to have a conference to make up for going so far out on a limb to criticize the business community."

But no one was snickering in February when Republican candidate Pat-the-Populist-Buchanan connected with some voters by lashing out at big corporations. AT&T and its highly paid chairman, Robert Allen, became Buchanan's favorite whipping boys after the company announced a three-way breakup that would eliminate 40,000 jobs.

It's ironic that AT&T should wear the black hat. In its history, AT&T and the telephone Bells were as family friendly and progressive as the New Deal. Telephone families often ran three generations deep. You couldn't blame them for howling; they knew a good thing was ending. Even today AT&T offers a menu of programs that would make any worker's wish list, such as child- and elder-care resource referral services, leaves of absence for parents of newborns and the newly adopted, as well as time off for family care.

In some respects Clinton's message is a little late. Over the past two decades, a number of activist groups, such as the Interfaith Center on Corporate Responsibility and the Council on Economic Priorities, and consumers themselves have persuaded corporations to behave as if they lived in the community. Says Milton Moskowitz, a longtime tracker of corporate behavior and co-author of *100 Best Places to Work in America*: "There are a lot more 'good' companies. Originally, way back, corporate responsibility had to do with an external commitment to the community and philanthropic contributions. Now it's even broader." Says Craig Smith, president of Corporate Citizen, a watchdog group in Seattle: "There has been a dramatic shift. It's less about how much money a compa-

ny gives and more about whether a company offers its intellectual capacities, its technology, and develops programs that focus on what to do to affect society."

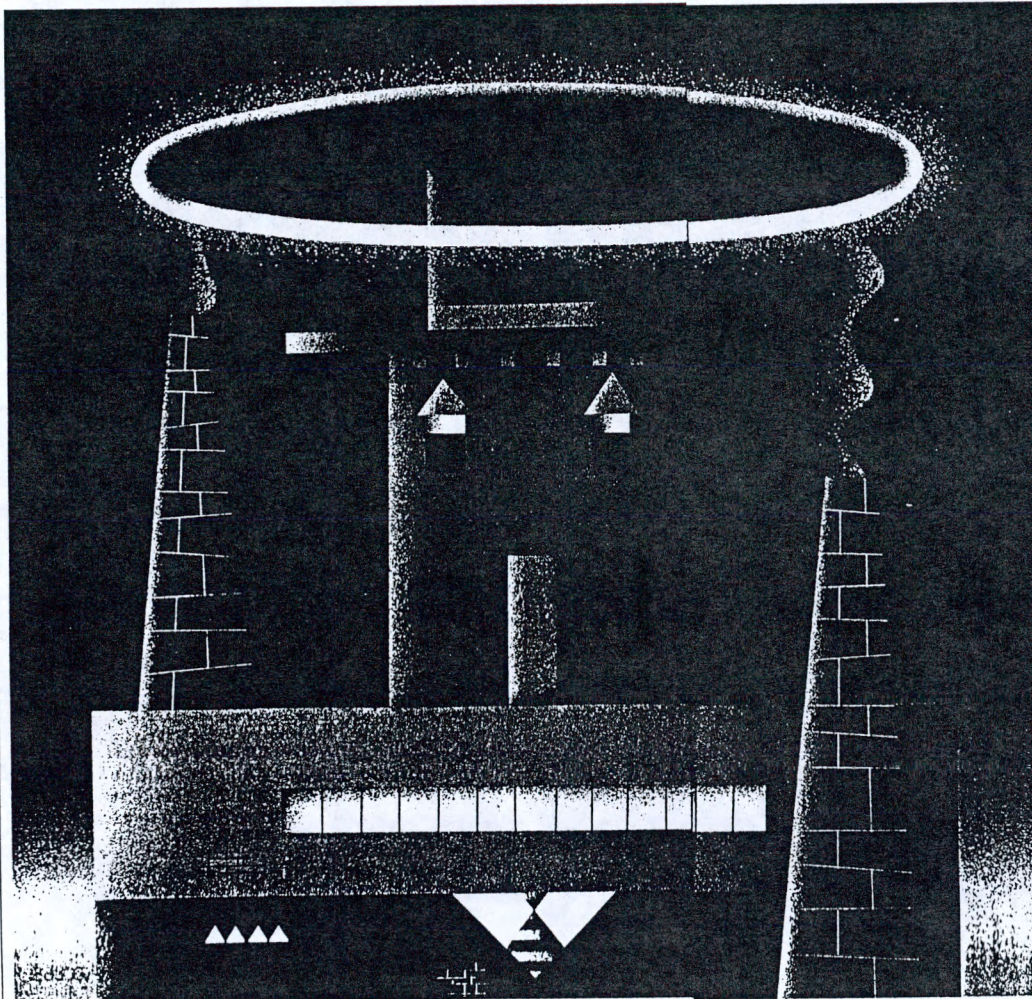
Not everyone agrees. There is still a basic free-market argument that business has no business in anything but making money—which of itself will provide plenty of social benefits. One who has made that point for decades is the Nobel prize-winning economist Milton Friedman. Says he: "It was a very fashionable topic some 20 years ago, and then it sort of died down; all of a sudden it has become very fashionable again. I think it is all rhetoric."

While the concept of corporate responsibility isn't new—H.J. Heinz was practicing social welfare in the 19th century—the issue in the modern corporation re-emerged in the 1960s, when activists began targeting outfits such as Dow Chemical and General Electric.

From those confrontations emerged a pecking order of corporate responsibility defined around the concept of stakeholders. These stakeholders include the shareholders—the owners of the company—as well as employees, suppliers, customers and local communities. But in the '80s some of these stakes were crushed in the machinery of mergers or restructuring. Cities lost powerful corporate allies, that were relegated to subsidiary status by headquarters in distant places. In industries such as textiles and steel, plant shutdowns destroyed forever the notion that the company takes care of its own. Steel towns in Pennsylvania, like Duquesne, collapsed when their blast furnaces went cold. Those were thought to be singular events, industrial catastrophes that wouldn't be repeated. But in the harsh global economy, layoffs will not go away.

Even New Age companies formed around feel-good management can't avoid it. In Portland, Oregon, Hanna Andersson, a mail-order retailer and maker of children's clothing revered for its mother-friendly workplace, recently let go 25% of its work force. CEO Gun Denhart had also won kudos for her "Hannadowns" program, in which used Hanna clothing could be returned for a 20% credit toward the next purchase. The used clothing was then donated to homeless children. But rising postal and paper costs took a toll on this company, which last year had chalked up \$52 million in sales.

No one gets lifetime employment anymore, not even at companies like Hewlett-Packard, a visionary \$31.5 billion high-tech firm that makes just about every good-guy list extant. Instead, HP employs a system of redeployment for "excessed" workers. They can hunt for other positions within



company for 90 days, fully paid and free of job responsibilities. Usually the company will make another job offer. But if an employee decides to leave, he or she still receives a generous severance package.

At the upper end of the industry, the company provides full health insurance, a profit-sharing bonus. The company also offers flex-time for 20 years and has job sharing, compressed workweeks, and telecommuting.

Success of HP and other such companies is the notion that businesses that are socially responsible can't also be fiscally responsible. In fact, the opposite is true. A business can't do much good if it isn't any good at what it does.

It's no coincidence that these same companies have been able to embrace the leading management trends of the past decade: flat organizations; bottom-up management; empowerment; customer-focused, just-in-time manufacturing, and total quality. These philosophies demand a visible and dedicated work force not locked in battle with management. As a company put it, "This is not do-good stuff. This is the way you make money."

According to Tom Kochan, a professor of management at M.I.T.'s Sloan School, only about 35% of U.S. workplaces have implemented two or more socially responsible measures. These tend to be larger, better-capitalized firms rather than small and medium-size companies, where the bulk of U.S. job creation occurs.

That's because many programs have high start-up costs. And, says Kochan, often one or two measures won't be successful. What does succeed is a sustained, compassionate commitment to a model that links these practices. He adds, "If firms do these kinds of things, they will get an immediate return for their investment and a high-quality work force that is more loyal and productive. It is a virtuous cycle." It is difficult to think that the business leaders who come to Washington this week are looking to a Democratic President to tell them how to run their companies. But they will be happy to hang around as the President praises some of their number for progressive management. And in an election year, the President too will be happy to make the point to voters that he is an advocate for the working class.

Businesses have another constituency, of course, one that, given the choice, generally prefers cash to virtue. Happily, in a world of business it is becoming increasingly possible, if not necessary, to do both. —Reported by John F. Dickerson and Sam Zagorin/Washington, Stacy Perman and Joe Van Tassel/New York



DENNIS KESSLER, CO-CEO, FEL-PRO, AND FRIEND

COMPANIES IN THE AUTOMOTIVE INDUSTRY HAVE LEARNED ALL ABOUT DARWINIAN competition in the past decade. Automakers have cut supplier lists by raising quality specifications while squeezing prices. Fel-Pro, a privately held, \$390 million company that

makes gaskets, sealants and lubricants for cars, is no different. Some key customers are asking for price cuts of as much as 20% over the next four years for certain products. Yet the company has maintained an admirable record of being family and worker friendly. "It's more challenging to support the workplace we want to provide," says co-president Dennis Kessler, a fourth-generation part owner of this nearly 80-year-old company in Skokie, Illinois. That harmony goes back to the 1950s, when the company invited worker participation; in the '60s it developed a 220-acre site for a recreation center and in the '70s a summer camp for employees' children. In the '80s the company opened its own day-care center.

Fel-Pro still provides a panoply of benefits and worker-friendly programs: flexible starting times, a profit-sharing plan and a culture that solicits ideas from all the employees. *Working Mother* magazine has put the company on its best-places-to-work list for 10 years running. Says editor in chief Judsen Culbreth: "They have a broader perspective and are very involved not only with their employees but also with the community they work in and in child-care issues across the country."

For instance, Fel-Pro has retained a strong commitment to education: it offers tuition reimbursement to all employees and pays bonuses to those who earn degrees. Lots of companies do. But Fel-Pro's commitment extends to children of employees: the company chips in for tutoring for children with special needs, and college-bound kids get scholarships, increased in 1995 from \$3,300 a year to \$3,500.

Some of these goodies hurt profitability, so the company had to become less generous. But Fel-Pro's return on its long-term investment in people has enabled the company to lower costs and increase market share.

The Business Enterprise Trust, a nonprofit research group whose board members include Warren Buffett, Norman Lear and Katharine Graham, will detail its findings in a book, *Aliming Higher*, to be published in the fall by Amacom Press.

- Fel-Pro retains flexible hours, day care, profit sharing and a camp for kids
- Educational benefits cover both employees and their children
- *Working Mother* rated it a top place to work for past 10 years

CEO JACK STACK OF SRC

SPRINGFIELD REMANUFACTURING CORP. IS BUSINESS PHILOSOPHY as business enterprise, and vice versa. CEO Jack Stack has even published a book, *The Great Game of Business*, that embodies the rules that have governed the company's success as a free-standing business since 1983.

SRC, a profitable, \$100 million outfit, has used "open-book management" as a guiding principle. All employees, from the shop floor to executive office, are given the most vital information about the performance of the company and about their individual jobs: the hourly cost of their labor, inventory levels, expense ratios and whatever else they want.

The company, which rebuilds heavy-duty truck engines for resale, was reborn out of desperation: its then owner, International Harvester, a maker of farm equipment and trucks, was disintegrating, a victim of recession, foreign competition and a poisoned relationship between management and workers.

SRC was sold to a management group led by Stack, an IH veteran and an executive wholly unsuited for the traditional command-control structure of industrial production. And when Stack and 12 other executives took over—mortgaging everything they owned—it occurred to him that SRC itself was

now unsuited for traditional management. He said, "We didn't have time to write mission statements or value statements. Our mission statement was simple: Don't run out of cash."

Stack had to lower costs in a hurry, and he reasoned that an enlightened work force could attack the problems where they happened. So SRC's workers were trained to be able to understand the most minute detail on a balance sheet. They also get detailed reports about the efficiency of the work they do.

This approach is called empowerment. The concept is that in any company the source of its most productive ideas and best service will come from the rank and file, who are closer to the products and the customers.

Management's job is not to dictate but to harness the power below them, and then, please, get their high-priced backsides out of the way. Empowerment pays well too, it turns out. At SRC workers can earn as much as a 13% bonus, paid quarterly, if the company meets its targets. Stack says the company is doing better than ever.

- "Open-book management" gives employees access to all info about company operations
- SRC has created 22 business spin-offs based on its model
- Now sells its *Great Game* knowledge via workshops, books



DOING WELL BY DOING GOOD

No company is perfect, but a new study by the Business Enterprise Trust cites 25 firms that set a higher standard of protecting stakeholders. Here are three of the very best

COO ROBERT HAAS OF LEVI STRAUSS

LEVI STRAUSS ASSOCIATES IS A REALLY COOL COMPANY, AND A controversial one. Its experiences define the kind of ethical minefield in which a huge (\$6.7 billion in sales), socially aware, global corporation has to tread. Levi's social conscience has a long history: after the San Francisco earthquake of 1906, the company placed newspaper ads to tell employees their jobs survived, even if their workplace had not. The company early and forcefully advocated integration in the early '60s, established ambitious minority-hiring goals in 1967 and was way ahead of the diversity curve—programs from which it can claim competitive advantage.

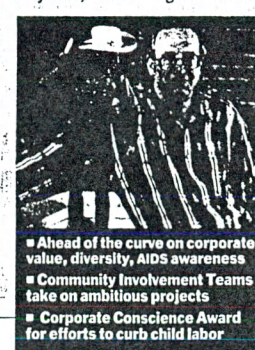
When the company went public in 1971, Levi's wore its heart on its jeans, advising potential investors that it would not sell its conscience with its stock. After the Haas family took the company private again, in 1985, Levi's once more spelled out its beliefs in mission and aspiration statements. Among them was a promise to provide all employees with the chance to grow and advance in an open corporation. But reality caught up with the

company in the '80s. Sales and cost pressures prompted Levi's to take some manufacturing outside the country. In retrospect the company had no choice—low-value manufacturing operations have forever moved to low-cost labor markets. The company shut down a plant in San Antonio, Texas, amid caustic criticism that its dedication to the work force had faded like an old pair of 501s.

Levi's is still high on the list of most c.r. watchers. Says COO Robert Haas: "It's really important to be clear about what your values are. People tend to respond more strongly to values they agree with. And when you do have to take difficult actions, do it

in a way that is most sensitive to the needs of the stakeholders and reduces both the reputational damage and the disruption that is a consequence of whatever action you have to take." The Council on Economic Priorities, which tracks the corporate social and environmental performance of hundreds of companies, gave Levi's a Corporate Conscience Award for International Commitment in 1994 for "unprecedented commitment to nonexploitive work practices in developing countries."

—Reported by J. Howard Green/San Francisco and Stacy Perman/New York



- Ahead of the curve on corporate value, diversity, AIDS awareness
- Community Involvement Teams take on ambitious projects
- Corporate Conscience Award for efforts to curb child labor

ECONOMIC ANXIETY

SOUL-SEARCHING TIME IN THE CORNER OFFICE

CEOs ask what they owe employees

We need to reinforce that being good to people, being loyal, are the right things," Thomas J. Moran, chief executive of Mutual America, was holding forth on "Responsible Corporate Leadership in the '90s" before 100 executives and academics at a breakfast sponsored by New York City's Baruch College. It was a nicely timed soliloquy, arriving as America grappled with the economic angst perpetrated by its free-market system. Do responsible corporations lay people off? Do they shut factories and raze communities?

Moran talked easily about trust, humanity, and business' obligation "to make its society better." Then someone asked how he would advise AT&T Chairman Robert E. Allen who, having announced 40,000 job cuts, reigns as the current embodiment of corporate evil. No layoffs, Moran said. "No one gets left behind." He paused, then admitted: "I'm glad I'm CEO of this company, and not that one."

How to avoid becoming the next Bob Allen. It's top of mind for many a CEO. But like Moran, few seem sure how far to distance themselves from the shareholder-value-at-any-cost credo of the early '90s. In the face of antibusiness



GLADHANDING: IBM's Gerstner at the Education Summit

fervor that has shown disturbing staying power, executives find themselves balancing an urge to prove their decency with a powerful loyalty to their laissez-faire roots.

JITTERS. The self-doubt will be underscored on May 16, when as many as 100 corporate chiefs troop to Washington for breakfast with President Clinton and his economic advisers. Clinton will urge CEOs to help ease workers' jitters over downsizing. Then, at a conference at Georgetown University, he will spotlight the best "corporate citizens," asking progressive CEOs to share their se-

crets for creating family-friendly workplaces, training employees, and providing good benefits.

No question, Washington has embraced economic anxiety with election-year passion. After simmering for three years, a movement to hike the minimum wage to \$5.15 an hour has acquired political substance—though likely not enough to actually win passage this year. A raft of proposals from Democratic liberals, including Senators Edward M. Kennedy (D-Mass.) and Jeff Bingaman (D-N.M.), aim to reward employers with progressive labor and community relations.

The White House confab won't produce a mandate, much less easy answers to the question of business' role in society. The Administration wants to play to voters' edginess while promoting its record of low unemployment and steady growth. "Without a strong economy, we wouldn't have the luxury to talk about things like corporate citizenship," says a senior White House aide. The upshot: Clinton will gently prod executives, without embracing legislated solutions that

would complicate the tax code and further burden companies.

Even so, the guys in corner offices remain wary of public opinion. Executives such as IBM's Louis V. Gerstner Jr. and BellSouth's John L. Clendenin loudly advertised their do-good participation in the National Governors' Association's Education Summit in late March. And in each of the year's biggest merger announcements, managers have taken pains to downplay the role of lay-

offs; Nynex Chairman Ivan G. Seidenberg personally assured Labor Secretary Robert B. Reich that job cuts resulting from his company's combination with Bell Atlantic Corp. would be limited. "It's interesting that these companies would make such announcements," Reich says. "It is almost as if the audience has changed [to the public]."

Why, if the threat of punitive government action is so remote? Ego plays a part: "Top executives are driven in very large part by what is seen as acceptable in their community," says Peter D. Cappelli, a management professor at the University of Pennsylvania's Wharton School. More to the point, a corporation's image is worth big money. Public outrage can depress sales, encourage unionism, or block expansion plans.

NOT SO BAD. At best, though, relief from layoffs is likely temporary. Outplacement consultants Challenger, Gray & Christmas Inc. expect that companies will throttle job cuts through the election. After that, says executive vice-president John A. Challenger, "the beat will go on." Indeed, when challenged at Boeing Co.'s Apr. 29 annual meeting on his decision to hire 8,200 new workers this year after cutting 12,600 jobs in 1995, CEO Philip M. Condit told shareholders simply: "We are a capital-goods supplier operating in a cyclical industry. We have done a lot to moderate those cycles, but we can't stop them."

And that, business argues, is not so terrible. The National Association of Manufacturers, the Business Roundtable and the Committee for Economic Development, a group of senior executives, all have released studies recently asserting that the economy is creating new jobs of increasingly high quality. Those papers are echoed by the White House Council of Economic Advisers, which on Apr. 23 reported that 68% of the job growth since February, 1994, occurred in industry and occupational groups paying above-median wages. The CEA also noted that job displacement appears to have declined since 1993.

So it was all a bad dream? Well, no. The economy has, in fact, produced 8 million new jobs in the current expansion. But the trauma Americans feel as they confront an ever-more-open, less regulated capitalist system is very real. Ultimately, business won't do much to ease the pain. "You don't unleash wolves and ask them to behave like sheep," says Edward Luttwak, a fellow at the Center for Strategic & International Studies. He's right, but it's not the answer Americans will want to hear.

By Keith H. Hammonds in New York, with Paul Magnusson, Susan B. Garland, and Mike McNamee in Washington

COMME

By Douglas Harbre

A LOBBY THAT'S ETHICAL

President Clinton likes to introduce Charlene Barshefsky, his acting U.S. Trade Representative, as "our toughest trade negotiator." During her tenure as deputy USTR, Barshefsky won important market-opening concessions for U.S. business. Democrats and Republicans alike applaud her for her performance.

In fact, Barshefsky would be a shoo-in for Senate confirmation to



BARSHESKY won't get a crack at the

succeed Mickey Kantor, who has replaced the late Ronald H. Brown as Commerce Secretary. Except for one thing: Her appointment may violate the new Lobbying Disclosure Act. Enacted last year, the law bars anyone who has ever "represented, aided, or advised a foreign entity" from the top trade post. Barshefsky worked for the Canadian Embassy during the 1980s. That's why she's "Acting" U.S. Trade Rep.

EASY SOLUTION. This is a conundrum with legs. Bob Dole's top trade adviser, Robert Lighthizer, would be a strong candidate for USTR should Dole win the White House. But under the "foreign agent" ban, which Dole sponsored, Lighthizer could be disqualified for the same reason: He lobbied for Jamaica and for Brazil's Ministry of Industry & Commerce in the 1980s.

Here's an easy solution: Repeal this misguided ethics restriction. Instead, Congress should bolster lobby-

Window Dressing: Or, Real Anxiety Potions?

EMPLOYER INITIATIVES

LAYOFFS? US? Nynex and Bell Atlantic have aggressively and publicly said that their merger won't require massive job cuts. Aetna and U.S. Healthcare promised much the same.

CITIZENSHIP Corporations trumpeted their participation in the National Governors' Assn. Education Summit, pointing to financial and service commitments to the nation's schools.

NEW SPIN The National Association of Manufacturers and the Business Roundtable have produced studies to prove an abundance of good jobs; the Council on Economic Development, a group of executives, concurs.

GOVERNMENT RESPONSES

HIGHER PAY The long-simmering debate on raising the minimum wage has hit the front burner, becoming a contentious talking point for the November elections.

PERSUASION President Clinton will host up to 100 top executives on May 16 for a summit on corporate social responsibility. No mandates are likely—just some comforting reassurances.

FORCE BUSINESS' HAND A range of proposals from Congress and the Administration would reward employers that act responsibly. The measures haven't gone far.

Clinton Nudges Businesses to Aid Workers

By JOHN M. BRODER
TIMES STAFF WRITER

WASHINGTON — President Clinton on Thursday jawboned 100 business leaders on the responsibilities of corporations to their employees—and on the ways government can nudge them in the direction it wants without spending money.

Clinton took the White House pulpit and gently bullied businesses to voluntarily provide worker benefits that he has been unable to persuade Congress to mandate—health coverage, workplace child care, job retraining, generous pensions and labor-management teamwork.

Please see CLINTON, A7

LOS ANGELES TIMES FRIDAY, MAY 17 FRONT PAGE + A7

CLINTON: Appeals to Business Leaders

Continued from A1

The White House Conference on Corporate Citizenship was the outgrowth of a lengthy and divisive political debate within the administration about the wisdom of government intervention in business decisions and how best to address public anxieties about job security.

The activist schemes of Labor Secretary Robert B. Reich were rejected in favor of moral suasion, an effort to use the prestige of the White House to highlight companies that the administration believes are "doing well by doing good" for their employees and communities.

The gathering also attempted to address the anxieties of workers who have seen their standard of living slide even as the economy has grown and Wall Street has prospered. Clinton is trying to appeal to this segment of the electorate, whom GOP presidential candidate Patrick J. Buchanan mobilized during the Republican primaries by decrying the predations of "corporate butchers" who laid off workers and shipped their jobs overseas.

Clinton said that the goal of the conference was not to propose new government solutions to the vexing problems of an economy in transition.

Rather, he said, it was a forum for successful businesses to share with each other the policies and practices that produce happy workers and contented shareholders.

He posed the conference's purpose in a series of questions to a panel of executives meeting for the daylong conclave at Georgetown University:

"As the nature of work and the nature of the workplace changes dramatically and we move so rapidly into the 21st century, what do we owe each other in the workplace? What do employers owe employees, what do employees owe employers? What if anything should the government do to help to deal with the new challenges that we face?"

Clinton said that government can do some things to protect workers from the vagaries of the marketplace—increase the minimum wage, provide personal tax incentives for education and training, ensure that pension and health benefits are portable from job to job.

"We know that government should do these things," Clinton said, "but we also know that most of the action has to be in the private sector."

Clinton announced the establishment of an annual award named for the late Commerce Secretary Ronald H. Brown. The prize, to be funded wholly with private donations, would recognize companies that treat their workers well.

Those invited to the conference represented a cross section of American businesses. They ranged from Massachusetts factory owner Aaron Feuerstein, praised for keeping his 2,400 mill workers on the payroll after fire destroyed much of his textile factory, to AT&T Chief Executive Robert Allen, who has been harshly criticized for his company's plan to eliminate 40,000 jobs over the next two years.

Among companies making presentations were executives of outdoor clothing company Patagonia of Ventura, which offers day care and flex-time arrangements for workers with children; Optiva Corp. of Bellevue, Wash., which provides both full-time and part-time employees with health benefits and reimbursements for college education; Fel-Pro Inc. of Skokie, Ill., which offers scholarships and savings bonds to all children of its 1,700 employees; and Starbucks Corp. of Seattle, one of the first major retail chains to offer part-time workers similar health benefits as those provided to full-time employees.

Yvon Chouinard, founder of Patagonia, told the president and the other executives that the quality of a firm's products is linked to the care with which it treats its customers and workers.

"So it's linked—quality product quality customer service, quality workplace, quality of life for you employees, even quality of life for all living things on this planet," Chouinard said. "If you miss any one piece, there's a good chance you'll miss it all."

Reich said that some companies are profiting in the short run by laying off workers rather than retraining them for other positions in the business.

"It may be they make money by slashing payrolls. In the long term, they may be slashing their own pocketbooks," Reich said in an interview. "Those who invest in their workers and treat them as long-term assets end up doing better in the long run."

Reich has proposed creating new tax credits for corporations that adopt family-friendly policies and subsidize educational and training expenses incurred by their workers. But his ideas have been rejected by other administration officials, and the White House has not pushed Congress to take them up.

Business consultant James E. Schrager, who also is a lecturer at the University of Chicago School of Business, said that the answer to the dislocations of the American economy and increased global competition is less government intervention, not more.

Although he is suspicious of government efforts to intervene in markets or corporate decision-making, he said, Schrager said he endorsed Thursday's conference as a worthy way to reward companies that treat their workers well and plan beyond the next quarter's earnings.

"It's so obvious that this event was politically motivated in an election year but at the same time, it's good that some of these folks are getting favorable publicity," Schrager said. "If it makes five business owners go home and think more about how they can treat

Clinton Prods Executives to 'Do the Right Thing'

By ALISON MITCHELL

WASHINGTON, May 16 — Seeking to encourage American companies to take more responsibility for the well-being of their employees, President Clinton presided today over meetings and seminars with business executives that he said offered proof "you can do the right thing and make money."

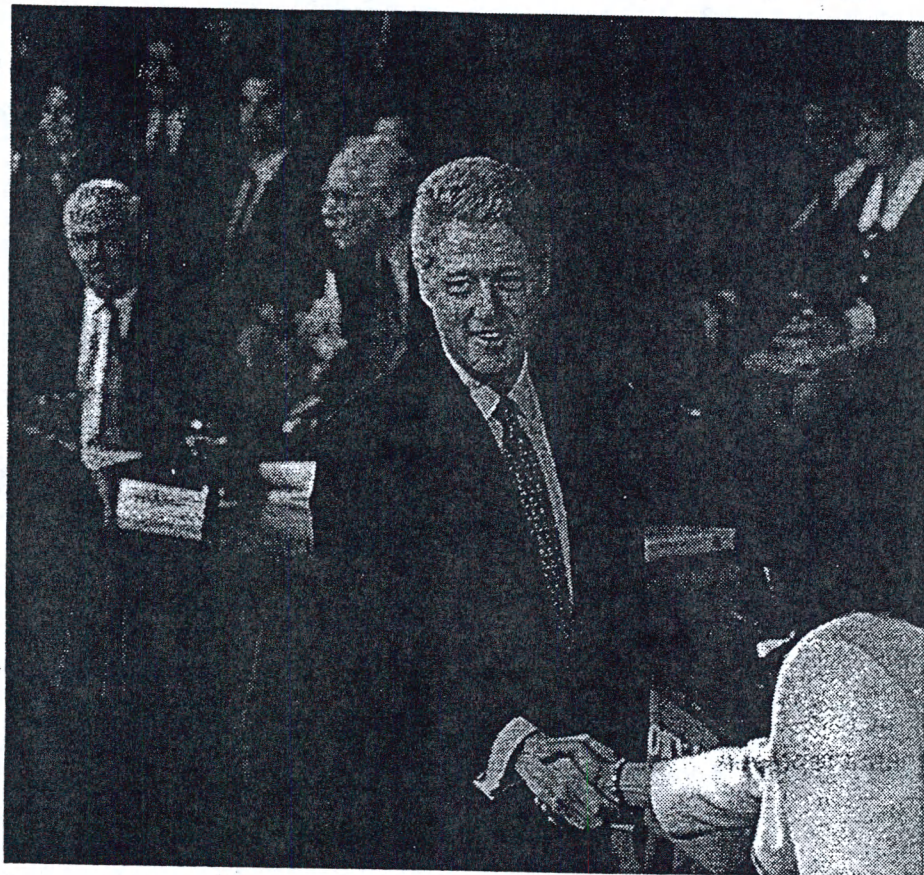
The summons of business leaders to a White House-sponsored Corporate Citizenship Conference was Mr. Clinton's latest attempt to use the President's bully pulpit to highlight an issue and challenge the private sector to meet social problems, without actually legislating change.

The technique has helped Mr. Clinton raise his favorable ratings in an election year by speaking of voters' concerns about issues like corporate downsizing, without having to push a program through a resistant Republican Congress.

Working in conjunction with his political strategist, Dick Morris, over the past months, Mr. Clinton has explored the rhetorical powers of his office, using such forums as well as speeches to step into the Republican territory of social and cultural issues and also build a Democratic agenda of values based around family issues like school uniforms, school competency test and a battle against teen-age smoking.

At a similar White House meeting with the leaders of the entertainment industry in February, Mr. Clinton was rewarded with an industry pledge to produce a voluntary television ratings system by January.

Today, Mr. Clinton showcased companies that assist families with measures like on-site child care, a summer camp, flexible work hours, paternity leave as well as companies that invest in their work forces by offering stock options, full health insurance benefits for part-time workers, or pay employee tuition for outside train-



Paul Hosefros/The New York Times

President Clinton greeted corporate leaders yesterday.

ing programs and education.

"I believe the power of example to change the behavior of Americans is enormous," Mr. Clinton said as he began panel discussions at Georgetown University. "What I want to see us do is to elevate the good practices that are going on, show how they are consistent with making money and succeeding in the free enterprise system, and hope that we can reinforce that

kind of conduct that so many of you have brought to bear in your own companies and with your own employees."

Republicans called the sessions election-year gimmickry. "Bill Clinton proffering business advice while companies are laying employees off makes about as much sense as throwing a drowning man a

Continued on Page D8

President Prods Executives To Just 'Do the Right Thing'

Continued From First Business Page

brick," said Christina Martin, the deputy campaign press secretary for Senator Bob Dole, the presumptive Republican Presidential nominee. "Bob Dole understands job creation is key to economic growth. Lower taxes and less regulation, that's the message Bob Dole is taking to the American people."

Political strategists of both parties have been grappling with how to deal with a changing economy that has brought moderate growth, low inflation and high employment yet also caused wide anxiety among workers because of stagnant wages and highly publicized layoffs.

For months, Mr. Clinton's administration was divided between figures like Secretary of Labor Robert B. Reich, who wanted worker anxiety to be a campaign focus, and advocated tax incentives to reward companies that keep more workers on their payrolls, and Treasury Secretary Robert E. Rubin, who doubted the utility of the tax policy and did not want the President to be seen as vilifying corporations. The President's campaign strategists also shied away from a populist message that would veer too close to class warfare.

The result of the debate has been the kinds of themes struck at today's conference, which put the spotlight on companies that treat their workers well while not condemning or singling out those that do not.

Mr. Clinton also said today that he favored not just the renewal of an expired tax provision that exempts employees from paying taxes on tuition their employers reimburse them for, but the measure's expansion to allow small businesses a 10 percent income tax credit for em-

ployee education and training. The Republicans have favored only partial extension of the expired tax provision.

The President began the conference with a closed White House breakfast with 100 executives. They ranged from Aaron Feuerstein of Massachusetts, who has received recognition for keeping his 2,400 mill workers at Malden Mills on the payroll after his textile factory was largely destroyed in a fire, to Robert E. Allen, the chief executive of AT&T, who became a political whipping boy because of his high package of salary and compensation in the face of his company's plan to lay off 40,000 workers.

Some of the group later moved to Georgetown University, where speaker after speaker said the kinds of benefits they offered their employees paid off in their bottom line.

Explaining his outdoor wear company's commitment to on-site child care, flexible hours, and paid maternity and paternity leave, Yvon Chouinard, the chairman of Patagonia, said of his employees: "I want them to bond with their children. I want them focused and if they are distracted by guilt they can't focus. We don't provide these benefits because we're nice."

At one point, one onlooker, Donald F. Hastings, the chairman of the Lincoln Electric Company of Cleveland, complained that the group was not addressing the issue of layoffs.

To honor companies that show concern for their workers, Mr. Clinton today announced the creation of a corporate citizenship award named after Commerce Secretary Ronald H. Brown, who died last month in a plane crash while leading a delegation of business executives in a trade mission in the Balkans.

What Companies Can Do

President Clinton deserves credit for what he did not say during this week's White House seminar on corporate responsibility. With polls registering high levels of anxiety over job security and stagnant wages, politicians are drawn to blaming managers. Some criticism is surely deserved, but corporation-bashing is no answer for everything that ails the economy.

Mr. Clinton resisted the temptation to pick on easy targets or embrace reckless policy prescriptions. Instead, the daylong gathering of about 100 C.E.O.'s spotlighted companies that have treated their employees generously and also found ways to earn handsome profits. The White House's purpose was to praise "family-friendly" practices in the hope that other companies would emulate them. Starbucks, a chain of retail coffee outlets, provides health insurance even to its part-time employees. Fel-Pro, a maker of auto parts, provides employees flexible work schedules, day care and profit sharing. Other companies were applauded for providing on-site training and education benefits.

These businesses are not engaged in charity. Nor is it obvious that they should be. Money that managers spend on fringe benefits could have been

returned to shareholders (in dividends), consumers (in lower prices) or workers (in higher wages). What the executives argued was that generosity can be smart business. Pensions, child care and profit-sharing arrangements can help cut down costly turnover and create a loyal, productive work force.

Prominent Democrats have called for tax subsidies to reward companies that train workers and avoid layoffs. But Mr. Clinton's economic advisers wisely fought off such ideas. No one knows exactly what a company's work force should be or how to design subsidies so they do not become corporate boondoggles.

The seminar participants largely ignored the subjects of job security and low wages. They focused on issues like health coverage, pension rights and child care, which business and public policy can usefully address. The White House is more than a little naïve in hoping that a daylong gabfest will encourage large numbers of companies to emulate the role models Mr. Clinton gathered together. But by focusing on businesses that are doing something right for their employees, he has found a way to touch base with anxious workers without engaging in destructive name-calling.

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Bobbing and Weaving on the Issue of Layoffs

By RICHARD W. STEVENSON

WASHINGTON, May 17 — It was two days before the White House was to convene its long-awaited conference this week on corporate responsibility, and Labor Secretary Robert B. Reich was warming to the theme. Increased political and media pressure recently placed on corporate executives over layoffs, he argued, had forced managers to think twice about downsizing their work forces.

"Up until five months ago, it was common for C.E.O.'s to proudly proclaim to Wall Street their intentions to ax thousands if not tens of thousands of workers," Mr. Reich said in an interview. "In the last month, the announcements have been markedly different. C.E.O.'s have been reassuring Main Street that there will be few if any job losses."

That has indeed been the case for a few companies. But only minutes after Mr. Reich spoke, Conagra Inc., a big food processing company, announced that it was laying off 6,500 workers. Its stock rose sharply on the news.

And that was just another reminder why the Clinton Administration is increasingly taking the position that corporate layoffs are an inevitable part of today's fast-changing, globally competitive economy.

In the view of the Administration and several business executives that does not mean there are no steps that can be taken to address the throbbing anxieties of workers. Indeed at the conference on Thursday they suggested several — from making it easier to keep health and retirement benefits when moving from job to job to increased corporate support for child care to better on-the-job training.

But heading into the Presidential campaign, White House officials have clearly concluded that it makes little political

sense to rail against corporate downsizing when they have little to offer as Government solutions beyond vague assertions that the economy needs to grow faster. Moreover, Mr. Clinton's advisers are reluctant to do anything that might distract from the White House's pronouncements that the United States is the world's best job-producing machine and that Mr. Clinton has met his vow to preside over an economy that added at least eight million jobs during his first term.

That approach was evident at Thursday's daylong series of meetings between President Clinton and business leaders on corporate responsibility, where layoffs were a subtext for the discussions rather than the focus.

Instead, the theme of the conference, both on the part of the President and most of the nearly 100 business executives who attended, revolved around how Government and corporations should help prepare workers to deal with the reality that their jobs might one day disappear. The dominant idea was "employability" — the

Continued From First Business Page

concept that lifetime employment is outdated and that instead workers should have the training, skills and flexibility both to succeed in their current jobs and to find another when that job disappears.

"There are some things we have to do to help people become more employable, even if they don't have specific job security, in terms of improving access to educational benefits and creating greater portability for health care and retirement," Mr. Clinton said. "We know that the Government should do these things, but we also know that most of the action has to be in the private sector."

John Snow, the chairman of the CSX Corporation and the chairman of the Business Roundtable, took much the same view after the meeting.

"We must start with the reality that corporations cannot guarantee anyone a lifetime job any more than corporations have a guarantee of immortality," Mr. Snow said. "The challenge for corporate America is to maintain its competitiveness and in the process help employees prepare themselves for whatever changes lie ahead in this constantly changing world."

Indeed, the political risks of arguing that Government policy or even adept use of the bully pulpit can be effective in holding back the tide of

revampings and downsizings hit home again at the White House corporate responsibility conference. For in the midst of the discussions, the Donnelly Corporation — whose chief executive, Dwane Baumgardner, was in attendance — announced that it was closing a plant in Tennessee that makes windows and sun roofs for cars, putting as many as 95 jobs at risk. Elsewhere, the Phelps Tool and Die Company of Kansas City announced that it was laying off 150 of its 580 employees because of increased foreign competition.

In fact, to the extent that there were any awkward questions raised about the inevitability of layoffs, they came not from the politicians or the handful of labor leaders who attended, but from two of the chief executives in attendance, Donald F. Hastings of the Cleveland-based Lincoln Electric Company, and Gerald Greenwald of the UAL Corporation, the employee-owned parent of United Airlines. Both companies have no layoff policies.

"Everyone — this audience, the Administration — is assuming that layoffs are inevitable," Mr. Hastings said. "Thinking ahead and having creative solutions for when there is a downturn is what management is all about."

And Mr. Greenwald chided his fellow executives not to reach for the layoff weapon before exploring other alternatives. "Don't we have a responsibility," he asked, "to use attrition long before we think of buyouts and certainly before we think of layoffs?"

Still, for all the recognition on the part of the attendees that job insecurity is an inherent feature of a dynamic economy, the conference also reflected a growing awareness on the part of corporate chieftains that they had to do something else to deal with the anxieties of their workers. And by doing so, several executives argued, corporations would receive a tangible payoff in greater productivity, enhanced loyalty and higher profits.

Kenneth Lehman, the co-chief executive of Fel-Pro Inc., an auto components maker in Skokie, Ill., described how his company's generous benefits — including heavily subsidized health insurance, on-site child care, an eight-week summer camp and automatic \$3,500 college scholarships for children of employees — added 70 cents an hour an employee to the company's cost. But those added benefits represented less than 10 percent of Fel-Pro's total benefit costs, and they more than paid for themselves, he said.

"We feel our benefits enhance our products," Mr. Lehman said, "and as long as our bottom line confirms this we will keep doing it."

Continued on Page 35

Clinton Unveils Initiatives For Businesses

Tax Credits for Education, Citizenship Award Proposed

By Clay Chandler
Washington Post Staff Writer

President Clinton yesterday urged additional tax breaks for employer-funded education and announced the creation of a privately sponsored "corporate citizenship" award for firms demonstrating exceptional commitment to their workers.

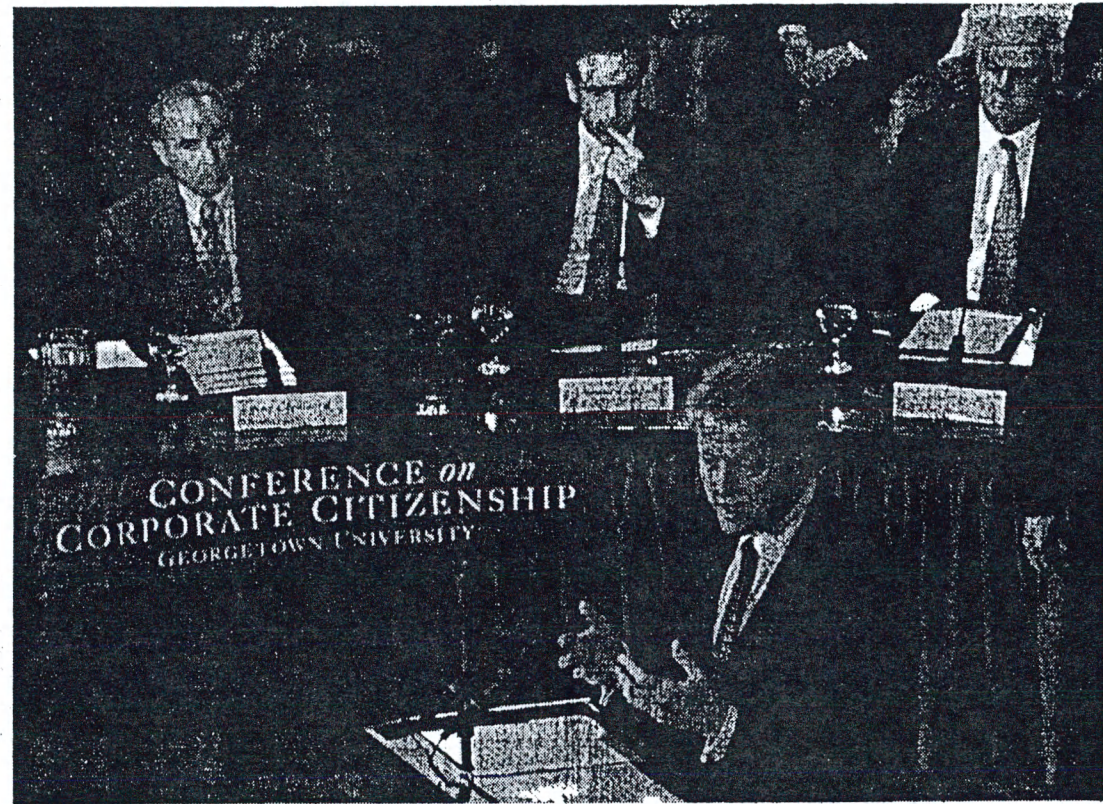
Clinton unveiled the initiatives as part of a full day of conversations with business executives and labor leaders about what he calls corporate citizenship. The discussions, which were long on questions, but short on answers, included about 100 corporate executives invited to breakfast at the White House for some soul searching about workers' lingering anxiety about their job security.

"This is not an issue that can be solved in a day or a year," Clinton acknowledged later in the day at a seminar he led at Georgetown University. But he exhorted workers and managers to "join together in a great journey as Americans" in search of more worker-friendly business practices.

The Clinton tax proposal would permanently extend an exclusion for employer-provided educational assistance that expired in 1994. Republicans on the House Ways and Means Committee voted this week to extend the tax break, but only for undergraduate training.

Clinton also called for a 10 percent income tax credit for small businesses providing tuition assistance for their workers. The credit would be available to employers with average receipts over the prior three years of \$10 million or less, and would take effect on Dec. 31.

Treasury officials estimate the two Clinton tax proposals would cost \$5.2 billion in lost revenue over



ASSOCIATED PRESS

Clinton opens conference at Georgetown University yesterday. In background, from left, are executives Yvon Chouinard of Patagonia, Howard Schultz of Starbucks and Ralph Larsen of Johnson & Johnson.

the next seven years. Clinton said the breaks would not add to the federal deficit, but he did not specify how he intended to pay for them.

The day's corporate citizenship discussion elicited some lively comment from a few participants. Gerald Greenwald, chief executive of employee-owned UAL Corp., which operates United Airlines, rebuked other business leaders and members of the administration for worrying too much about how to provide workers the skills needed to be "employable" and not enough about how to keep workers from having to jump from firm to firm.

"I'm uncomfortable with the notion that 'employable' is good enough" because the term seems to imply "an acceptance of churning" workers, Greenwald said. "What good is getting somebody trained if they don't stay?"

For the most part, however, Clinton and the business leaders confined their discussion to relatively

tame measures—on-site day care, flexible work schedules and workplace safety—likely to make work more pleasant, but not necessarily more secure.

Many Republicans, meanwhile, dismissed the event as an election year infomercial. "Bill Clinton proffering business advice while companies are laying employees off makes about as much sense as throwing a drowning man a brick," declared the campaign headquarters of expected GOP presidential nominee Robert J. Dole in a statement. "Bob Dole understands job creation is key to economic growth."

The award for corporate citizenship will be named for Ronald H. Brown, the former Commerce Secretary who was killed in a plane crash in April. The award will be modeled on a product quality award named for Malcolm Baldrige, the Reagan administration commerce secretary killed in a rodeo accident in 1987.

'Corporate Citizens' Get Clintonian Nod As Good to Workers

* * *

The President Celebrates Day
Of Policy Talks and Praise;
Theater, Grows the GOP

By JACKIE CALMES

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — President Clinton's bully pulpit turned bullish pulpit as he led a daylong celebration of "good corporate citizens," in hopes that other businesses will follow their lead and stem workers' angst.

The administration's 13 select corporations, ranging from Cin-Made Corp., a packaging manufacturer in Cincinnati with 54 employees, to UAL Corp.'s United Airlines with 83,000 employees, "prove that you can do the right thing and make money," the president said at the opening of the White House Corporate Citizenship Conference yesterday. "I believe the power of example to change the behavior of Americans is enormous."

Mr. Clinton also proposed a new "Ron Brown Corporate Citizenship Award," named for his Commerce Department sec-

retary who was killed in a plane crash last month. He said two executives, John Bryan Jr., chairman of Sara Lee Corp., and Lawrence Bossidy, chairman of AlliedSignal Inc., had agreed to lead a private-sector task force to create the award, which would annually recognize business for practices that benefit employees and the community.

With the conference, the White House opted for a bit of positive jawboning about an issue that looms large again over this election year—American workers' sense of economic insecurity in the wake of corporate downsizing, continued wage stagnation and a widening gap between the pay of the skilled and unskilled.

Political Theater, GOP Says

Though Republicans dismissed the day as political theater, Mr. Clinton plainly enjoyed the sort of forum that allows him to be Chief Policy Wonk, and stayed to the end along with Vice President Al Gore. Labor Secretary Robert Reich also was on hand, in his role as the more critical bad cop to Mr. Clinton's good cop. Mr. Reich told reporters during a break that, despite signs that business is becoming more sensitive to worker concerns, "Corporate America has a long way to go."

After a White House breakfast with about 100 business executives and few union leaders, Mr. Clinton went with the group to Georgetown University for panel discussions on his five criteria for good corporate citizenship: family-friendly poli-

cies, good health and pension benefits, safe workplaces, training and advancement opportunities, and worker-management partnerships in good times and bad aimed at avoiding layoffs. Mr. Clinton, Georgetown Class of '68, took up notebook and donned glasses for what he called "a peculiarly American event."

Though the president asked, "What if anything should the government do to help deal with the new challenges that we face?," he came armed with no new suggestions beyond his administration's pending proposals, such as tax incentives for worker education.

While the executives mostly hailed steps their companies had taken on their own, United Chairman Gerald Greenwald did suggest that the laws for employee stock-ownership plans, or ESOPs, be changed so that workers don't have to wait until they quit, retire or die to realize some of their profit.

'Clear Evidence'

United, the nation's largest employee-owned company, was recognized for a partnership with employees that's credited with reversing years of financial decline. Mr. Greenwald blamed Wall Street for rewarding companies that lay off many employees by bidding up their stock, and ignoring the "clear evidence" that companies that accommodate their employees in hard times will reap long-term gains.

Mr. Clinton noted that several of the honored companies were relatively small,

to counter the argument that small businesses can't afford family-friendly policies. Among them were Cin-Made, which subsidizes a variety of training programs, and Work/Family Directions Inc., a Boston-based company that has made a business of advising other businesses on pro-family practices.

Bigger companies included Fel-Pro Inc. of Skokie, Ill., an automotive-supply maker that provides subsidized tutoring and summer camps for employees' children; Johnson & Johnson and Corning Inc., for their workplace-safety practices and other benefits; and Kellogg Co., for its worker-management relations.

PP&L RESOURCES INC.

Purchase of Minority Stake In Southern Unit Planned

PP&L Resources Inc., an Allentown, Pa., utility holding company, said it is negotiating to acquire a minority stake in Southern Co.'s South Western Electricity unit in Britain. Neither PP&L nor Southern would comment on how large a stake is being discussed or what the price might be. Southern, an Atlanta utility holding company, had said it wanted to sell a piece of its British business and has since received a number of proposals. A spokesman for Southern said the company typically takes on minority investors in its international operations. The British utility industry is attracting U.S. companies, which hope to learn how to cope with competition before the U.S. market opens in coming years.

Asides A-14 BOTTOM OF PAGE

The Ron Brown Award

Announcing yesterday the creation of the new Ron Brown Corporate Citizenship Award, President Clinton said: "The companies we will hear

from are being showcased for one reason: They have done these things in ways that prove you can do the right thing and make money. I believe the power of example to change the behavior of Americans is enormous."

On the eve of the White House Conference on Corporate Citizenship, President Clinton discussed downsizing, growing income inequities and worker angst in his first interview on the subject of corporate responsibility. In a 45-minute Oval Office session with USA TODAY reporters Ellen Neuborne and Susan Page, Clinton gave a preview of what he'll tell more than 100 CEOs at the conference today.

Q: Don't CEOs have a primary responsibility to their shareholders?

A: There's a feeling out there particularly because the financial markets have become global and instantaneous, (that) the relative influence of the shareholders has increased and the relative obligations to the customers, to the community at large and to the employees have decreased, and that the company basically lives on life support from quarter to quarter as opposed to being able to look at the long run. ... Financial markets are more global. Stock markets and bond markets are affected by global events almost instantaneously, and that has led to a shift in focus by corporations. It has led to some practices that may not be good over the long run.

Q: Were you surprised that Pat Buchanan's criticism of American corporations struck a chord with voters?

A: No. There is a general feeling in America among a lot of people that they have worked hard, played by the rules, and maybe have not benefited by the country's general growth. ... Thirty years ago, the average CEO made about 35 or 40 times what the average worker did. Today, that's up to 200 times, and it was only 120 times when I took office. ...

I hope that we will get some ideas out of this conference about what policies the government could adopt that would make it more likely that more corporations would do the kind of things that we are going to highlight as positive things.

The second thing I hope will come out of it is that we will begin to create an environment in which this will become a legitimate pursuit of every company, that more companies will see that they can do the right thing by their employees and their families and do well. And if you look at a company's life over the long period, that having a highly motivated, highly productive, highly successful workforce that also feels that it matters to the company and that is full of workers that feel that they can succeed in their family life and their work life

is ultimately a good thing for America's bottom line.

Q: Should the president have a role in shaping corporate culture or CEO pay?

A: I am in no position, and Congress certainly is in no position, to make judgments on what any particular executive should be paid. That's crazy. It is a legitimate thing to highlight

those companies that have made a lot of money by creating a sense of partnership and shared destiny. ... This is a case where the president can do more by being positive, by elevating the positive practices going on, and to try to ask in an honest way what I can do as president to create workplaces that are family friendly, good

for education, good for shared decision-making and shared welfare. We can do more in a positive way than we can by railing about things I don't like.

... In a broader sense, I suppose what I hope will happen is some version that came out of the long efforts we made with the entertainment industry, where we kind of worked

around this over a two- or three-year period but we wound up with a law which is the V-chip law. But a completely voluntary effort to accept a ratings system.

Q: Do you plan legislation to encourage corporate responsibility?

A: The president of United Technologies ... explained what their policy was for providing education benefits for their employees, and how much broader it was than the traditional tax deduction. ... He argued that they could afford to do it ... but that other companies couldn't and that we should consider broadening that incentive. That that's something the government

could do that would generate more corporate responsibility. That's the kind of idea that I want explored at this conference.

Q: You talk about individual responsibility when it comes to welfare and crime. Is this a case where workers have to take individual responsibility to be continually employable?

A: The answer to that is yes. But there's more to say. Yes, workers do have to take personal responsibility, and the vast majority of workers are prepared to do that. But when workers are working for a particular company, companies tend to do better when the workers feel like they're on a team, that everybody on the

team cares about everybody else, and they're all working for the same goal. And if they succeed in their goal — in this case, producing a good product, producing a good service and a profit — they will be appropriately rewarded. ...

What I'm trying to do that I think the government does have a direct responsibility for is create a set of rules and opportunities that will give workers who have to change workplaces the capacity to always be employed, to define a security for the American economy of the 21st century as being always employable and always able to support your family.

Q: What advice would you, as the nation's CEO, give CEOs of business?

A: If I were running a company instead of a country, and we were doing well, I would want a compensation system in which the people who work with me got some of the benefits if I got benefits. And if they had to take a cut, I would want to take a cut, too. I would want them to believe that we are in the boat together.

USA TODAY
THURSDAY, MAY 16, 1996

Bosses bear image of wickedness

CEOs having tough time shedding look of a devil in a blue suit

By Ellen Neuborne
USA TODAY

Today's big villains? Corporate CEOs.

American workers and labor experts are relentless in their criticism of the nation's corporate leaders:

- ▶ They cut too many jobs.
- ▶ They're too focused on short-term profits.
- ▶ They're making a fortune in salary and stock options.
- ▶ They've broken the unspoken contract workers have come to expect — that if you were loyal and worked hard, you wouldn't get fired.

"No question, these are the current caricatures of evil," says Rich Hagberg of management consultant Hagberg Consulting Group.

Exec-bashing is nothing new, but these days, many CEOs are feeling the sting. Hagberg's research shows CEOs as a group are becoming more introverted — retreating from contact with the people they manage.

Wary of bearing the blame for economic change, CEOs are trickling toward the latest in management trends. Forget about TQM (total quality management) and management by teams. The latest buzzword in many executive offices is corporate responsibility — or c.r. in consultant slang. A testament to how hot corporate responsibility has become: The nation's CEO, Bill Clinton, hosts a day-long Washington conference on the topic today. More than 100 CEOs will attend.

But business leaders say the complex nature of corporate responsibility makes it a tough concept to launch as a national movement.

Many experts define corporate responsibility as zero-layoff policy. Others say it's things like family-friendly leave programs, local philanthropy and reducing factory pollution.

"It's hard to get everyone to agree to something that has so many meanings," says Jim Harris, author of *Getting Employees to Fall in Love With Your Company*.

The conference is drawing criticism from some in the business community who say it's nothing more

than good publicity — both for Clinton and the CEOs attending.

Defining worker-friendly

A big issue facing the business world is whether talking up the issue of corporate responsibility will actually encourage more companies to adopt worker-friendly policies. The word from companies already steeped in c.r. philosophy: no.

Elizabeth Sartain, vice president of the "people" department for Southwest Airlines — the airline's worker-friendly term for human resources — has a word for the new enthusiasm for corporate responsibility. "Gross," she says.

Southwest is often held up as an example of the trend of a worker-friendly workplace. An informal dress code is standard, not just on Fridays. Every month, 100% of the air in the headquarters building is filtered. Top managers spend at least one day each quarter working field jobs such as baggage handler or reservations agent. The atmosphere coupled with Southwest's stellar earnings record — 23 straight profitable years — are cited by experts as proof corporate responsibility works.

The problem with raising the corporate responsibility banner is that too many business leaders are looking for a quick fix that will have

the media to quit calling them job killers, Sartain says.

"It would be great if everybody meant it," she says. But as a frequent speaker at human resources conferences, Sartain has grown cynical.

"I tell them it's all about values and caring and treating people like you'd want to be treated, and their eyes glaze over," she says. "They want the quick answer."

No watchdog needed

Companies praised for corporate responsibility are a diverse group. One point of agreement among them: government can't legislate it. Among them:

▶ **Cabletron.** To CEO Bob Levine, corporate responsibility means keeping the lid on executive pay. "Pay for performance is the only ingredient," he says. Levine makes \$52,000 a year as the head of a computer equipment maker that had 1995 revenue of \$1 billion. Levine got no stock options — despite Cabletron's 33% rise in 1995 earnings. He also refuses other traditional executive perks.

"As a nation, we have digressed from a basic tenet of capitalism: pay equal to performance. If you don't perform, you don't get paid," he says.

▶ **Home Depot.** At the home-improvement retailer, corporate responsibility hinges on employee stock ownership. Employees are offered stock instead of traditional merchandise discounts. Full-time employees receive 7% of their annual salary in stock. Twice a year, they can buy company stock at a discount.

▶ **Pella.** The Iowa-based manufacturer of doors and windows cites its zero-layoff policy as a foundation of corporate responsibility. "The long-term relationship with employees is the key to better value for your customers," CEO Gary Christensen says. "During the '70s and '80s, there was a kind of corporate macho thing going on, that if you were not downsizing, it was a sign of weakness. (But) it's layoffs and job insecurity that have undermined their businesses all along."

Companies with their varying views on corporate responsibility say it helps their bottom line. But, says Sartain of Southwest: "You'll never

be able to count it. Business always want a number. There never be a dollar figure on treating people decently."

The bottom line on the free market trend is easier to measure. The self-appointed defender of bottom-line management is Al Dunlap, former CEO of Scott Paper. He's also known as Chainsaw Al and Rambo in Pinstripes for slicing 35% of Scott's workforce to improve profits.

"Every one of the CEOs at Clinton's conference should be taken out and spanked for not standing up and defending the free-enterprise system," Dunlap says. "All the people who say it's socially irresponsible to lay people off, I have one question: Would it be more responsible to let the companies tank?"

Still, corporate responsibility is set for a healthy run on the public agenda. Clinton's interest puts it in the national spotlight. Corporate responsibility consulting, already booming, is looking at more growth to come.

But some CEOs are skeptical that government or consultants really have anything to teach them. Management consultants want to make corporate responsibility a big complicated issue, says Dale Hemminger, CEO of New York City property management firm Atco, which embraces volunteerism as part of its corporate responsibility platform.

"If you really don't know what it is to be a responsible citizen, I wonder if the president or anyone else, will be able to teach you," he says.

USA TODAY

THURSDAY, MAY 16, 1996

Companies suffer when pay splits execs, workers

OUR VIEW When downsizing brings executives rewards while employees lose jobs, the benefit can be brief.

Corporate responsibility has about as many definitions as the kinds of businesses represented at President Clinton's pow-wow with corporate executives Thursday.

Community involvement. Family friendliness. Social conscience.

But Clinton, in a USA TODAY interview, struck at the issue employees notice first in an era of downsizing. Workers want their fate and the fate of their company executives linked.

That's too often not the case.

AT&T's Richard Allen became the poster boy for executive/worker schisms earlier this year after taking a rich package of stock options and a bonus while he was planning a layoff of 40,000 workers — a layoff necessitated largely by his own bad decisions.

There's nothing surprising about this. Shedding employees can boost a company's profitability, benefiting its shareholders and encouraging a board of directors to give rewards. Nor is the practice new.

A decade ago, Roger Smith, then CEO of General Motors and as responsible as anyone for the auto industry's loss of market share to Japanese car makers, easily outdid Allen. Shortly after getting \$2.5 billion in wage and benefit cuts from workers, necessitated by GM's weakened position, he lavishly expanded a bonus program for himself and other executives. The result was

some short-term gains for GM bosses, but long-term distrust that has limited efforts at restructuring ever since.

And that is the point. The level of CEO pay matters little by itself, but when the incentives for management and workers diverge, the result is a backlash — and a loss of cooperation corporate leaders themselves say is vital to compete.

In contrast to Smith, Lee Iacocca led Chrysler out of bankruptcy by cutting his pay to \$1 for a year and providing a generous employee stock plan in return for wage concessions and cooperation on the plant floor. The result: labor peace and high profits for shareholders, including Iacocca, who raked in \$440 million.

Other companies also have found it smart to share pains and gains. Clinton honored one Thursday, Cummins Engine in Indiana, where management took a 12% cut and workers 3% to get the company back on its feet without layoffs.

That was an exception. CEOs of the 20 companies with the largest layoffs last year raked in salary and bonus increases averaging 25%.

Whether they earned the money is questionable. Studies of restructurings by Kodak, Digital and Nynex among others show deep, quick cuts often don't improve productivity as much as promised. Instead, they hurt employee morale, undercut enthusiasm and ultimately can damage sales and profitability.

The lesson: Some layoffs are inevitable. But they are not a very good reason to give the boss a raise.

Envy drives the debate

OPPOSING VIEW Workers have nothing to be jealous about. CEOs have little in common with them.

By Harry Schwartz

Future historians looking back at this period may well call our era the age of selective envy. Envy, of course, is common. But this era of selective envy has its own twist.

We don't envy the huge salaries of successful athletes or of TV or journalistic personalities. It is businessmen, CEOs who earn large salaries, who have become special targets since Pat Buchanan shed crocodile tears earlier this year.

Buchanan, who does very nicely at his racket, thank you, decided his conservative line wasn't effective against Bob Dole in the Republican primaries. So he suddenly became the spokesman of envy, focusing on the gap between the salaries of business executives and of ordinary workers.

This Buchanan feint got other candidates worried, and for a brief time even Dole picked up the Buchanan mantra.

For President Clinton and Secretary of Labor Robert Reich, of course, the Buchanan conversion seemed like manna from heaven. The result was Thursday's White House conference on what was called "wage-setting."

In all this there is conspicuously evident a failure to apply sound logic to basic economic facts.

The ordinary worker and the top executive are as incomparable as Babe Ruth and the Yankee bat boy of his day.

The ordinary worker does a well-defined small job in an enterprise. So long as his job and the company exist, he will be paid, but he is easily replaced.

The CEO of a major corporation does the planning for an organization of thousands of people. Much of his planning is really informed guessing about what customers will want two or three years ahead. If his foresight is correct, his company will prosper. If his foresight is bad, his company may go bankrupt. His job is at stake.

The high salaries and bonuses received by successful executives are payment in part for the high risks they assume, risks which can destroy their careers if their guesses prove wrong.

An ordinary worker — and I have been one all my life — takes no such risk, makes no huge contributions, nor does much of anything to destroy his company. So the fair wage for an ordinary worker is far different from and unconnected to that of the CEO. And should be.

Harry Schwartz is an economist and writer, a former professor at Syracuse University and a member of The New York Times edi-

Clinton suggests talks with tobacco companies

By Ellen Neuborne and Susan Page
USA TODAY

At a conference with CEOs on corporate citizenship, President Clinton offered Thursday to negotiate with the tobacco industry to settle one of the administration's most heated battles with business.

Saying he was encouraged by a Philip Morris plan to curb underage smoking by restricting its advertising, Clinton said, "I don't think it's enough, but I do believe that it's an indication that there may be some way that we can agree on legislation."

Philip Morris Senior Vice President Steven Parrish later urged a "dialogue." Significant differences remain, however, between what the White House wants and what tobacco companies are willing to do.

The company's proposal is designed to avoid more stringent federal regulations.

Clinton's remarks came as he praised companies with worker-friendly programs and unveiled an award honoring corporate responsibility. It will be named for former Commerce Secretary Ron Brown, killed in a plane crash last month.

Clinton also indicated he would propose permanently extending an expired tax break that lets employees accept education aid without paying taxes on it as income. He also will propose a tax credit to help small businesses pay for tuition assistance. Cost: \$5 billion over seven years.

While the mood at the public portion of Thursday's conference was upbeat, some CEOs say the tone at a closed White House breakfast was less supportive of the president's involvement.

"You heard a lot more of 'get the government off our backs, let us do our jobs,'" said Yvon Chouinard, chief executive of clothing maker Patagonia.

And not all the CEOs at the breakfast attended the public program. "The ones who are here today are the ones who are already doing responsible things," he said.

Clinton, who has criticized skyrocketing executive pay, outlined his vision of what good corporations do:

- Create family-friendly workplaces with policies such as flextime and help on child care.

- Provide health and retirement security and safe workplaces.



By Greg Gibson, AP

CEOs: Yvon Chouinard of Patagonia, Howard Shultz of Starbucks and President Clinton.

Clinton education plan: Oust disruptive pupils

President Clinton will move to make it easier for schools to remove disruptive students from classrooms.

The effort is part of an election-year series designed to show Clinton taking action on education and "values" issues.

"For a long time, the idea was that it was really a bad thing to remove any student, now matter how disruptive," Clinton told USA TODAY Wednesday. "Now we're kind of coming back to perhaps a more balanced view."

The White House is likely to issue guidelines for the next school year outlining what districts can do without running afoul of federal law or students' rights. Similar advice has been issued on uniforms and religious instruction.

Christina Martin, a spokeswoman for GOP candidate Bob Dole, said Clinton is offering "bureaucratic suggestions."

By Susan Page

- Invest in employee education and training.

- Promote partnership in the workplace by sharing burdens and benefits among workers and management.

Clinton's goal: Kinder, gentler corporations

But some say call to CEOs is government intrusion

By Susan Page
USA TODAY

Hours before Bell Atlantic and Nynex were to announce their huge telecommunications merger, Nynex Chairman Ivan Seidenberg was on the phone trying to track down Labor Secretary Robert Reich.

Near midnight, he finally found him, rousing Reich from a sound sleep at a country inn in North Carolina.

Seidenberg said he wanted to reassure him that the companies would do their best to minimize layoffs and retrain displaced workers, causes Reich has championed.

"I believe and hope that there is a new sensitivity on the part of CEOs to public opinion and to the concerns that so many Americans have about the potential loss of jobs," Reich says. "The business community seems to be responding to the theme of corporate responsibility."

"Corporate responsibility" is the mantra for a White House trying to walk a fine line: addressing workers' economic unease without adopting controversial tax and trade policies advocated by some on both the political left and right.

The White House Conference on Corporate Citizenship, set for May 16, will bring together dozens of CEOs to hear the president praise companies he says have outstanding records as good corporate citizens.

The session also is designed for executives to exchange ideas about programs aimed at creating "family-friendly" companies, upgrading employees' job skills and forging workplace partnerships.

"The president thought it was important to talk with corporate leaders about what they were doing or could do or could learn from one another about what to do to be good corporate citizens — in other



By Joe Marquardt, AP

Tyson: Message to CEOs is to 'do good and do well'

words, to do good and to do well at the same time," says Laura D'Andrea Tyson, head of the National Economic Council.

"This is really to have a conversation with them."

Not everyone approves.

"It's evidence of this administration's desire for government to control the private economy," Republican National Chairman Haley Barbour says. "They tried that over in Russia."

The conference has raised the hackles of some business leaders who say the president has no role in dictating what obligations corporations have to their workers.

Some also suspect that the conference is an election-year gimmick to court executives and reassure anxious voters.

"Is this an opportunity to try to position yourself with various constituencies and look like you're responding to the concerns of the country?" asks Jeffrey Joseph of the U.S. Chamber of Commerce. "Do I sense an election somewhere?"

Jerry Jasinski, president of the National Association of Manufacturers, says he has "very mixed feelings" about the conference.

"It's both good and a diversion in certain ways," he says. "The administration ought to be putting its primary emphasis on government responsibility to get its house in order."

Several company executives debated whether it was appropriate

to attend the White House event. But White House aides say others tried to wrangle invitations as a sort of presidential seal of approval for their corporate practices.

Administration officials say corporate behavior already has begun to change since allegations of ruthless worker-battered downsizing brought a spate of public attention and fueled Pat Buchanan's angry presidential crusade early this year.

In January, for instance, AT&T announced it was cutting 40,000 jobs. Some market analysts say the company calculated the largest possible number to impress Wall Street and drive up its stock price.

But in recent weeks, executives announcing a series of big mergers — Nynex and Bell Atlantic, Pacific Telesis and SBC Communications, Aetna Life & Casualty and U.S. Healthcare — took pains to minimize the potential effect on workers.

"The rhetoric has definitely changed," says Margaret Blair, a Brookings Institution scholar who studies corporations. "Whether the reality underneath that is changing, I don't know."

Letters of invitation to the White House conference, sent out Thursday, say the forum will focus on five "corporate citizenship challenges":

► Creating "family-friendly" workplaces that help employees balance job and home.

► Offering adequate wages, health care and pensions.

► Supporting education and training programs.

► Forming partnerships so workers "have a voice in the workplace and share the burdens and benefits of good and bad times."

► Providing safe and secure workplaces.

Clinton and his chief economic policymakers will meet with the CEOs at a White House breakfast. Then Clinton and Vice President Gore will lead panel discussions at Georgetown University.

The conference originally emerged as a compromise between clashing views within the administration.

Reich has advocated using tax policy to reward "good" corporate behavior, an idea that brought protests from Tyson and Treasury Secretary Robert Rubin. They say that the government shouldn't pick corporate winners and losers and that changes in the tax code almost always have unintended consequences.

Besides, they say, the economy is fundamentally strong, and talk of economic angst is overblown. Good news on first-quarter economic growth and unemployment in recent days may have bolstered their case.

But critics, including some congressional Democrats, complain that the administration's approach is too timid to protect workers' interests.

"The only thing that balances private power is public power," says Sen. Bill Bradley, D-N.J. "You could convince some people to do things on the basis of your own persuasiveness or willpower or jawboning skills, but my guess is that you need to put some teeth into it."

USA TODAY •

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THE WASHINGTON TIMES FRIDAY, MAY 17 AG-BOTTOM OF PAGE



Photo by Kenneth Lambert/The Washington Times

President Clinton and Vice President Al Gore participate in a conference on corporate responsibility.

Clinton cites 'power of example' in praising worker-friendly CEOs

By Warren P. Strobel
THE WASHINGTON TIMES

President Clinton gathered corporate chieftains in Washington yesterday to praise those who treat their employees well, but he offered no new proposals to address the insecurities of American workers.

Mr. Clinton, addressing a day-long conference on corporate responsibility, said the "power of example to change the behavior of Americans is enormous."

He praised the selected CEOs for treating workers as full partners, offering generous health care and retirement benefits, and providing a safe workplace.

The White House Conference on Corporate Citizenship was Mr. Clinton's answer to growing anxiety over widespread layoffs and job insecurity that, combined with record corporate profits and CEO salaries, helped fuel the Republican primary campaign of commentator Pat Buchanan.

Republicans ridiculed the conference as an election-year gimmick. Rep. John A. Boehner of Ohio, chairman of the House Republican Conference, contrasted Mr. Clinton's call for corporate responsibility with what he said was "three years of hardship and grief" suffered by seven fired White House travel office employees.

In an interview with USA Today, Mr. Clinton said the rise in executives' pay compared with average workers' pay has "gone too far."

Majority Leader Bob Dole, Kansas Republican.

Even Mr. Clinton's top economists disagree on the extent of challenges facing workers.

In a report last month, the Council of Economic Advisers found no evidence that the number of "displaced workers" had increased, although it said that layoffs are on the rise among older and better-educated workers.

"While the anxiety felt by many workers is real and important, it is also important to take an objective look at the evidence," the report said.

Mr. Clinton has generally shied away from criticizing the business community for layoffs that have hit such giants as IBM and AT&T, or for high corporate salaries. Robert Allen, who made \$16 million last year as AT&T's chairman and CEO, attended a White House breakfast for 100 business leaders before the conference.

In an interview with USA Today, Mr. Clinton said the rise in executives' pay compared with average workers' pay has "gone too far."

But at the conference, held at

are right to look toward the bottom line — but must keep an eye out for their employees as well.

Mr. Clinton's use of moral suasion, rather than government programs, has been compared by many observers — including his staff — to President Reagan's communications strategy.

Underscoring his reluctance to seek government solutions, Mr. Clinton announced only one small initiative: a presidential award to honor corporate citizenship. It's named for the late Commerce Secretary Ronald H. Brown.

At least one participant challenged Mr. Clinton over the conference's focus, arguing that it should have spent more time on layoffs.

Donald F. Hastings, chairman and CEO of Lincoln Electric Co. in Cleveland, said the breakfast left him with the sense that administration officials believe layoffs are "inevitable because of world economic competition."

"To leave it out of the agenda and to ignore it and to say layoffs are inevitable, I don't think is addressing the key anxiety of the American worker," said Mr. Has-

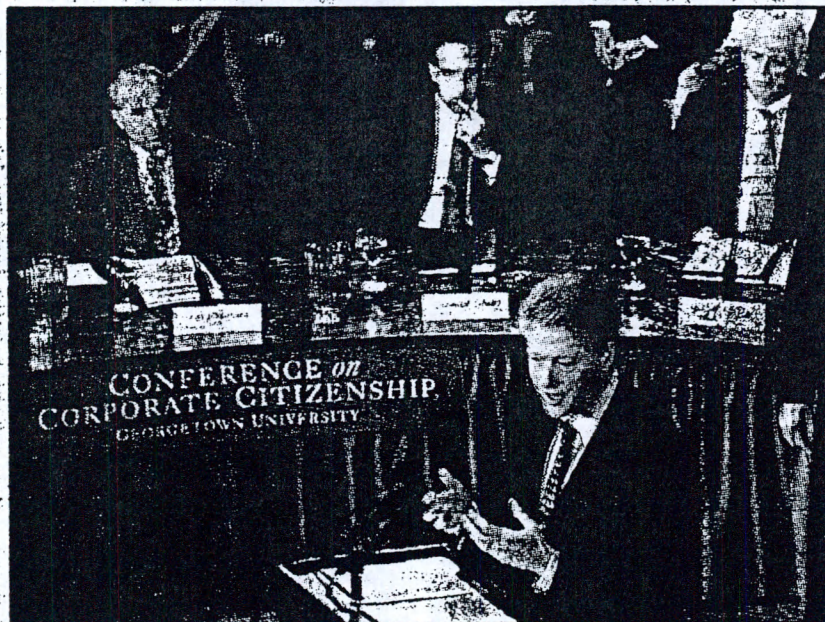
FRIDAY, MAY 17, 1996

The Atlanta Journal-Constitution

Business

BOTTOM OF G1 PHOTO IN COLOR

The view from the top



GREG GIBSON / Associated Press

President Clinton addresses the White House Conference on Corporate Citizenship. The chief executives in the background are Yvon Chouinard, Patagonia; Howard Schultz, Starbucks; and Ralph Larsen, Johnson & Johnson. **Article, G3.**



GREG GIBSON / Associated Press

President Clinton (right) whispers an aside to Vice President Al Gore at a White House conference of 100 top business executives called to spotlight good corporate citizens.

Clinton has challenge for CEOs

President exhorts them to 'do well' by employees

ASSOCIATED PRESS

Washington — President Clinton, opening a new front in his election-year battle against economic anxiety, called on U.S. companies Thursday to "do well" by their employees while they make money for shareholders.

Clinton spoke at a daylong series of discussions with 100 top business executives assembled to hear from a dozen companies spotlighted as good corporate citizens.

"The companies we will hear from are being showcased for one reason," Clinton said. "They have done these things in ways that prove you can do the right thing and make money. I believe the power of example to change the behavior of Americans is enormous."

Clinton announced the creation of the "Ron Brown Corporate Citizenship Award" to honor an American company each year deemed to best exemplify efforts to support its workers. The award was named for the late commerce secretary who died last month along with a group of U.S. business executives on a trade mission to Bosnia.

... said Lawrence Bossidy, chairman of

AlliedSignal Inc., and John H. Bryan Jr., chairman of Sara Lee Corp., both participants in Thursday's conference, had agreed to head up a panel of business leaders who would establish the award.

Invited to the event to tell their stories were executives from companies that have excelled at creating family-friendly workplaces, offering generous health care and retirement benefits or upgrading workers' skills.

The White House denied that the session, by spotlighting good companies, was an effort to engage in a bit of bashing of companies enjoying record profits but not sharing those benefits with workers.

But in advance of the gathering, Clinton complained in an interview that executives' pay was too high when compared with their employees, noting that the pay of the average corporate executive was 200 times higher than the average worker.

"It's gone too far," Clinton said in the interview in USA Today.

Those invited to Thursday's sessions represented a cross-section of American businesses. They ranged from Massachusetts factory owner Aaron Feuerstein, praised for keeping his 2,400 mill workers on the payroll after fire destroyed much of his textile factory, to Robert Allen, the head of AT&T, who was attacked for his company's plan to eliminate 40,000 jobs.

BUSINESS

The Herald

SECTION
FRIDAY,
MAY 17, 1996

C

'Do the right thing,' Clinton urges firms

He calls for better treatment of workers

WASHINGTON — (AP) — President Clinton, opening a new front in his election-year battle against economic anxiety, called on U.S. companies on Thursday to "do well" by their employees while they make money for shareholders.

Clinton spoke at a daylong series of discussions with 100 top business executives assembled to hear from a dozen companies spotlighted as good corporate citizens.

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"If there ever was a person who thought you could do well and do good at the same time, it was Ron Brown," Clinton said. "I can't think of a better way to honor him."

Invited to the event to tell their stories were executives from companies

PLEASE SEE CLINTON, 5C



Associated Press

THREE HONOREES:
Yvon Chouinard, chairman of Patagonia; Howard Schultz, chief executive of Starbucks; and Ralph Larsen, chairman of Johnson & Johnson, listen to President Clinton.

Clinton urges companies to support workers

CLINTON, FROM 1C

that have excelled at creating family-friendly workplaces, offering generous health care and retirement benefits or upgrading workers' skills.

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"It's gone too far," Clinton said in the interview in USA Today.

Republicans, seeking to defeat Clinton in November, called the White House Conference on Corporate Responsibility nothing more than a campaign gimmick that offered the wrong prescriptions for what ailed the economy.

BOTTOM OF PAGE 1

Clinton hits note for job harmony

By Frank James
WASHINGTON BUREAU

WASHINGTON—President Clinton appealed to the better angels of U.S. corporate leaders Thursday, promising them that if they did well by their employees, profits would surely follow.

To underscore his point, the president surrounded himself with chief executives of dozens of worker-friendly companies during the White House Conference on Corporate Citizenship, held at the executive mansion and Georgetown University.

"The companies . . . are being showcased for one reason," Clinton said. "I believe [they] prove that you can do the right thing and make money; that you can be successful in the American free-enterprise system by having better and stronger relationships and ties with your employees."

The conference, to which 100 top executives were invited, was the White House's election-year effort to show concern for the economic anxiety many Americans are feeling in a climate of corporate downsizing.

Clinton, who wants to be viewed as a pro-business Democrat, meant the conference as a counterpoint to the corporate bashing by Republican presidential candidate Patrick Buchanan earlier this year.

And in an attempt to distance

SEE HARMONY, PAGE 4

Chicago Tribune

Business

FRIDAY, MAY 17, 1996

MIDDLE OF PAGE 4

Harmony

CONTINUED FROM PAGE 1

himself from Republican charges that he is a big-government liberal quick to resort to legislative solutions, Clinton made clear he thought otherwise, saying companies can best provide, among other things, family-friendly workplaces and health-care and retirement benefits.

"The great magic of the American system of free enterprise is what goes on in the private sector," Clinton said. "The government could do some of these things, but we also know most of the action must be in the private sector."

Clinton told the gathering he had established the Ron Brown Corporate Citizenship Award to honor the commerce secretary killed in a plane crash last month. The award will be presented annually to companies with exemplary ties to their employees and

communities, Clinton said.

Executives from more than a dozen companies told the conference how their worker-friendly approaches contributed to their enviable corporate performance.

One of them, Howard Schultz, chairman and chief executive officer of Starbucks Corp., the highly successful coffee retailer, credited his company's average growth rate of 60 percent a year for eight

consecutive years to pro-worker policies that have created loyal workers.

The company made the highly unusual decision shortly after starting up in the 1980s to give part-time employees—most of its workers—health-care benefits and equity in the company.

Thus, in an industry with annual employee turnover of as much as 400 percent, Starbucks' is less than 55 percent.



GREG GIBSON/ASSOCIATED PRESS

Clinton Talks to CEOs

President Clinton urges corporate leaders to think of their employees as well as their shareholders as he opens a Conference on Corporate Citizenship at Georgetown University in Washington, D.C., Thursday.

Economy

Clinton cites firms with good worker relations

'Corporate responsibility' includes watching out for employees, he says

BLOOMBERG BUSINESS NEWS

WASHINGTON — President Bill Clinton told top business executives at a summit on "corporate responsibility" yesterday that it's up to employers, not the federal government, to watch out for their workers.

"The great magic of the American system of free enterprise is what goes on in the private sector," Clinton told 100 chief executives during the summit's keynote speech at Georgetown University. "The government could do some of these things, but we also know most of the action must be in the private sector."

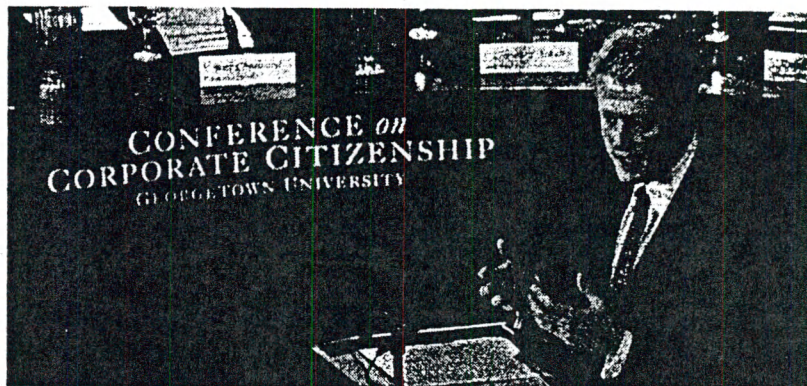
No new government initiatives are expected from the conference, which administration officials created to help ease workers' anxieties about job security without threatening businesses with more regulation.

Indeed, the conference focused on how employers and employees work together at the likes of Cin-Made Co., Cummins Engine Co., Kellogg Co., Plumley Companies, Republic Engineered Steels and United Airlines.

"I can't get a raise unless my employees get a raise," said Russell Maier, president of Ohio-based Republic Engineered, which is 58 percent employee owned. "Every facet of what you do has to work in concert with what you say you are going to do. Then employees will believe you, and if you don't, they're right that they shouldn't believe you."

Clinton joined chief executives from Corning Inc., Fel-Pro Inc., Patagonia, Johnson and Johnson, Optiva Corp., Starbucks, Work/Family Directions Inc. and American Flint Glass Workers Union in a discussion of "family-friendly" workplaces that provide elder care and child care, and health and pension benefits.

Employers and employees have a "mutual responsibility" toward one another, Clinton said, emphasizing work they've done on their



ASSOCIATED PRESS

Setting the tone: President Clinton addresses conference called to allay workers' fears about job security.

own. "More and more companies are looking for ways to let their employees participate from the neck up. The companies we are showcasing prove you can do the right thing and make money."

New York-based Corning Inc., one of the companies Clinton highlighted for its safety record, is an example. The company's stock has risen 54 percent since October, reflecting the company's deci-

sion to spin off its troubled clinical labs business.

Corning workers' on-the-job injuries are 30 percent below the industry average, the company says. Employees are involved in keeping the workplace safe, said Corning CEO Roger Ackerman, by participating on safety teams that identify hazards and make sure they are fixed.

Corning also has joint labor-

management committees in each plant that bring together representatives from the American Flint Glass Workers Union and Corning's management teams that look at how they can promote employment security.

New Jersey-based Johnson & Johnson, which manufactures and sells a broad range of products in health care and other markets, instituted a program in which one person on staff ensures safety standards are strictly enforced and any accidents are investigated in depth.

The company's lost workday-injury rate is well below the industry average, Johnson & Johnson and the White House say. The company also says it has more on-site children centers than any other corporation in the nation.

That's one reason *Working Mother* magazine said Johnson & Johnson was one of the 100 best companies for working women in the country. *Money* magazine picked Johnson & Johnson as one of the nation's top 10 companies for its benefits package.

Clinton administration gives workers a boost

By ANDREW JULIEN
Courant Staff Writer

Amid anxiety and cynicism over the way corporations are treating their workers, the Clinton administration Thursday launched a two-pronged effort to jump into the growing debate over the issue of corporate responsibility.

At a White House breakfast, Clinton called on about 100 top executives from companies across the nation to "do well" by their workers. Among those in attendance was George David, chief executive officer of Hartford-based United Technologies Corp.

Later in the day, trying to reach an even broader audience, U.S. Labor Secretary Robert L. Reich talked with reporters from a number of newspapers, including The Courant, about the administration's message.

"We've got to get the word out that it pays to treat employees as assets," Reich said.

Reich said the key idea behind Thursday's activities, which also included a series of panel discussions at Georgetown University, was to show business leaders that treating workers well is not incompatible with making money.

Among those invited to speak were executives from companies that have helped workers better cope with the demands of a more competitive economy by putting in place family-friendly programs,

generous retirement and benefit packages, and educational plans designed to enhance skills.

"The companies we will hear from are being showcased for one reason. They have done these things in ways that prove you can do the right thing and make money," Clinton said. "I believe the power of example to change the behavior of Americans is enormous."

The president Thursday also announced the creation of an annual "Ron Brown Corporate Citizenship Award" to honor an American company. The award is named for the late commerce secretary, who died last month.

David, who attracted national attention late last year when he announced a significant expansion of UTC's tuition reimbursement program, said he believes business leaders are becoming more aware of the way the economic changes of the past several years have affected workers.

"They're insecure and anxious and nervous and tense," David said. "People are clearly aware of the need for long-term loyalty on the part of employees."

He said the president's involvement in the debate about how corporations can respond is a "good idea."

Robert W. Fiondella, chief executive of Phoenix Home Life Mutual Insurance Co. in Hartford, was in

Please see Clinton, Page F2

Clinton administration gives workers a boost

Continued from Page F1

vited, but could not attend Thursday's meeting. But he wrote a letter to Clinton supporting his efforts.

"To me, it is only natural and right for people in positions of power to use their office to do good," Fiondella wrote. "I offer you my assistance in helping you further America's agenda on corporate social responsibility."

The White House initiative comes amid signs of growing anxiety among working Americans — and Clinton's bid to win a second term in

Washington.

During the past five years, a key element of corporate America's effort to regain global dominance has been to cut costs by eliminating jobs. In 1995, even as many companies were posting record profits, U.S. corporations slashed 439,882 jobs — more than the 316,047 cut during the recession in 1990.

The result, Reich said, has been growing anxiety among U.S. workers. A recent Courant/Connecticut Poll, conducted by the Institute for Social Inquiry at the University of Connecticut, found suspicion of corporate motives and pessimism

about the future.

"This anxiety and frustration is real," Reich said. But, he added: "Many companies simply haven't gotten the message."

Although Republicans criticized the conference as a campaign gimmick, Reich said the initiative could be an effective tool for change.

"Never underestimate the power of the bully pulpit when combined with the word of experienced CEOs who are making a great deal of money doing it a different way," Reich said.

As described, these efforts were in

Clinton urges firms to give workers more job security

Denies conference is election-year ploy

By Sonya Ross
ASSOCIATED PRESS

WASHINGTON - President Clinton, while admitting that the federal government has been "the biggest downsizer in the country," asked corporate executives yesterday to extend greater job security to America's workers.

Clinton met at Georgetown University with more than 100 business leaders for a daylong session in which 13 chief executives described the good things they do for their employees.

The White House denied that its Conference on Corporate Responsibility was an election-year effort to highlight a few good companies to bash others that enjoy record profits but don't share the wealth with workers.

But Clinton alluded to that, telling executives, "I believe the power of example to change the behavior of Americans is enormous" and stressing that he hoped to "reinforce that kind of conduct" in the business community.

"What I want to see us do is to elevate the good practices that are going on, show how they are consistent with making money and succeeding in the free enterprise system," Clinton said.

The campaign of Clinton's Republican opponent, Bob Dole, denounced the conference as a campaign gimmick that offered the wrong prescriptions for what ailed the economy.

"Bob Dole understands job creation is key to economic growth," said Dole campaign spokeswoman Christina Martin. "Lower taxes and less regulation, that's the message Bob Dole is taking to the American people."

Before the conference, Clinton complained in an interview with USA Today that it is unfair for corporate executives to be paid high salaries, noting that the average corporate executive earns 200 times more than the average worker.

Some executives said Clinton himself paid short shrift to workers by praising his administration's effort to shrink the size of government but failing to include the impact of corporate downsizing on the conference's agenda.

"We say downsizing is not a very good thing for companies to do . . . and now we say we're proud we did this in the federal government. Juxtaposition?" said Donald F. Hastings, chairman and chief executive of Lincoln Electric Co. in Cleveland.

President holds court with 100 executives to discuss worker anxiety and corporate citizenship.

Clinton urges breaks for businesses that treat workers well

Washington Post

WASHINGTON, D.C. — President Clinton on Thursday urged additional tax breaks for employer-funded education and announced the creation of a privately sponsored corporate citizenship award for firms demonstrating exceptional commitment to their workers.

Clinton unveiled the initiatives as part of a full day of conversations with business executives and labor leaders about what he calls corporate citizenship. About 100 corporate executives were invited to breakfast at the White House for some soul searching about workers' lingering anxiety about their job security.

"This is not an issue that can be solved in a day or a year," Clinton acknowledged later in the day at a seminar he led at Georgetown University. But he exhorted workers and managers to search together for more worker-friendly practices.

The Clinton tax proposal would permanently extend a tax break for employer-provided educational assistance that expired in 1994.

He also called for a 10 percent income-tax credit for some small businesses that provide tuition assistance for workers.

Treasury officials estimate the two Clinton tax proposals would cost about \$5.2 billion in lost revenue over the next seven years. Clinton said the breaks wouldn't add to the federal deficit, but he didn't specify how he intended to pay for them.

Those invited to the conference represented a cross-section of businesses, ranging from

Elections '96

Massachusetts factory owner Aaron Feuerstein to AT&T chief executive Robert Allen.

The day's corporate citizenship discussion elicited some lively comments.

Gerald Greenwald, chief executive of employee-owned UAL Corp., which operates United Airlines, rebuked other business leaders and members of the administration for worrying too much about how to provide workers with the skills needed to be "employable" and not enough about how to keep workers from having to jump from firm to firm. "What good is getting somebody trained if they don't stay?" he said.

For the most part, however, Clinton and the business leaders confined their discussion to such measures as on-site day care, flexible work schedules and workplace safety — moves likely to make work more pleasant, but not necessarily more secure.

Many Republicans, meanwhile, dismissed the event as an election year infomercial.

"Bill Clinton proffering business advice while companies are laying employees off makes about as much sense as throwing a drowning man a brick," Bob Dole's campaign said in a statement. "Bob Dole understands job creation is key to economic growth."

The award for corporate citizenship will be named for Ron Brown, the former Commerce Secretary who was killed in a plane crash in April.

The Philadelphia Inquirer Business

Friday, May 17, 1996

Philadelphia Online: <http://www.phillynews.com>

Clinton praises firms with employee-first policies

He urged others to do the same and not worry about bottom lines. Analysts replied, in essence: Yeah, right.

By Clay Chandler
and Steven Pearlstein
WASHINGTON POST

WASHINGTON — In summoning business executives to the White House for a talk about "corporate citizenship" yesterday, President Clinton broadened his job description to take on a novel role: Management Consultant in Chief.

As host of 100 corporate executives, Clinton made the case that U.S. companies can offer more generous benefits for workers without

damaging the bottom line.

Among the more than a dozen companies showcased:

- Starbucks Coffee Co., of Seattle, whose health benefits are as friendly as its employees.

- Corning Inc., of Corning, N.Y., whose safety record is as sturdy as its Pyrex cookware.

- Patagonia, of Ventura, Calif., whose parental leave and flexible work practices are as warm and fuzzy as its polyester fleece jackets.

See CLINTON on C2

Clinton praises firms that put employees first

CLINTON from C1
"There's a consistency between doing right by employees and doing well by shareholders," said Labor Secretary Robert B. Reich, the primary administration booster of yesterday's event.

The theme of the White House presentation struck some observers as a bit off-point. The event began, they noted, as a way for Clinton to signal his understanding of voters' anxiety about job security in an age of corporate downsizings. But most of the measures to be touted — in-

cluding job training, profit-sharing, and providing on-site day-care centers — are modest remedies that may contribute to kinder, gentler workplaces but aren't likely to calm the larger economic forces buffeting U.S. firms.

Treating employees well can't be all that is necessary to run a successful business, the observers noted. After all, many companies held up in the past as employer paragons — IBM, Eastman Kodak, Xerox, General Motors and AT&T — have laid off tens of thousands of employees in recent years in the face of lost market share.

"Pat Buchanan raised the flag about heartless, killer CEOs in the primaries ... and then somewhere along the line that got transmogrified into family-friendly issues," said Alan Webber, editor of the busi-

ness magazine Fast Company. The conference is "oddly out of sync with the times," he said.

The measures highlighted in the conference will have "not a blip" of impact on the downsizing phenomenon, said Ralph Estes, a professor at American University's Kogod College of Business Administration.

Additionally, some corporate leaders questioned how applicable the virtues on display at the forum would be to other firms.

"Focusing on success stories is useful and we applaud it," said Jerry Jasinowski, president of the National Association of Manufacturers. "But it's naive to assume that Secretary Reich and his colleagues have some unique insights into how managers in the private sector ought to be running their businesses."

Executives at each of the White House's model companies report that the decision to do well by employees flows from their larger business strategies. Other companies with different strategies, they caution, might find it difficult, if not impossible, to treat their employees in the same way.

Consider those health benefits at Starbucks. They're much more generous than the industry average and are available to all employees who work at least 20 hours a week. Fast-food chains, whose clientele is mainly in search of quick calories, might find such coverage unduly costly. But for Starbucks, which has positioned itself as an upscale boutique and is selling atmosphere as

much as good coffee, there is marketing value in staffing the espresso machines with off-beat, sometimes bohemian personalities with relatively high levels of education.

Extensive worker surveys convinced Starbucks CEO Howard Schultz that health benefits were a powerful lure for those workers, according to Starbucks spokeswoman Jeanne McKay.

Or take the case of Patagonia. The firm is famous for encouraging its workforce to get out of the office and try out the products it designs. Owner Yvon Chouinard says his company must be run by men and women who are passionate outdoors types in touch with the values of the company's core customers.

"We believe that it is easier to teach people business than to turn a businessman into a passionate outdoor person," Chouinard said about his hiring practices. "When the surf's up, you go surfing; you don't plan to go next Tuesday at 2 o'clock." Such policies might not work so effectively, however, for the companies that manufacture Patagonia's clothing and sports products rather than design and market them.

And it's worth noting that Chouinard — who shares control of the firm only with his wife — works hard to keep the company small.

"Our growth has been steady and limited, not jagged, and that's our intention," said Patagonia spokeswoman Lu Setnicka.

22ND STORY of Level 1 printed in FULL format.

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Portland Press Herald

May 17, 1996, Friday, CITY EDITION

SECTION: FRONT, Pg. 1A

LENGTH: 1085 words

HEADLINE: CLINTON'S BIG WEAPON TO BETTER WORKER'S LOT: A BIT OF PEER PRESSURE;
THE PRESIDENT MAKES IT IMMEDIATELY CLEAR THAT HE WANTS THE PRIVATE SECTOR TO;
DEAL WITH THE PUBLIC'S GROWING CONCERNS.

BYLINE: Eric Blom Staff Writer

DATELINE: WASHINGTON

BODY:

President Clinton on Thursday organized some peer pressure on American corporations to encourage them to treat their employees better.

At a daylong White House Conference on Corporate Responsibility, Clinton used the prestige of his office to dissuade corporations from laying off workers for short-term financial gain or instituting personnel policies detrimental to employees' families.

The White House breakfast and Georgetown University panel discussion with more than 100 corporate chief executives was designed to highlight the policies of profitable companies that treat their workers well.

It also signaled that Clinton believes the private sector rather than government should primarily address the public's growing concern over corporate downsizing, skyrocketing executive pay and the conflicting demands of work and family.

At the conference, Clinton announced the creation of a privately funded Ron Brown Corporate Citizenship Award, named for the commerce secretary who died in a plane crash earlier this year. The award will recognize companies that maintain family-friendly personnel policies, provide training opportunities to workers, and safeguard employees' health and safety.

The annual award is patterned after the Malcolm Baldrige Award, which honors businesses that consistently provide high-quality products or services.

Two Maine executives, James F. Orr of Unum Corp. and Leon A. Gorman of L.L. Bean Inc., attended the conference.

Also, a Maine worker-safety initiative that tries to get corporate managers, employees and federal regulators working together was cited by Vice President Al Gore as the type of collaborative program that business and government should be trying to forge with workers.

Portland Press Herald May 17, 1996, Friday,

Clinton's conference comes at a time of growing public concern about massive layoffs at some big-name companies nationwide and about the widening income gap between rich and poor. The income gap is growing in Maine and the nation as a whole.

Some members of Clinton's administration, including Labor Secretary Robert Reich, have been pushing for tax incentives and other direct government action to address workers' concerns.

However, Clinton made it clear immediately at Thursday's conference that he believes government has little direct role in addressing the issue. Instead, he said, government needs to focus on issues such as trade policy, technological research and education.

"Most of the action has to be in the private sector," Clinton said during his opening remarks to about 200 business executives, union officials, students and reporters at Georgetown's Gaston Hall. "The workplace itself has to produce a profit and a vibrant free marketplace for America."

Clinton said employers and employees have to rededicate themselves to "mutual responsibility" for each other, and that America has to find new ways to provide employment security for all workers in the information era of the 21st century.

The president cited five areas that need to be addressed by companies in this new marketplace - family-friendly employment policies, such as flexible schedules and generous leave policies to deal with family emergencies; health-care and retirement benefits; safe and secure workplaces; employee education and training, and employee-employer cooperation in decision-making.

"The companies up here are being showcased because they've done all the things that I believe demonstrate that companies can do good things and still make money," Clinton said before taking a seat at a table with Gore and eight corporate chief executives. On the wall behind them in the ornate auditorium of the Jesuit university was a mural that depicted virtues such as "morality" and "faith."

For the next four hours, corporate executives from such household names as Johnson & Johnson and Kellogg Co. outlined employment policies based on the idea that corporations can earn healthy profits by providing workers with good compensation packages and job security.

Several of the companies worked with unions to cut corporate costs without laying off workers. Other corporations tied workers' pay to corporate profits, ensuring that the pay of executives and production employees alike rose and fell with the fortunes of the business.

Gore cited Maine's OSHA 200 program as an example of how cooperation between workers, managers and government officials can help make businesses safer. This program, which is being introduced nationally on the Maine model, promises businesses that follow prescribed safety programs that they will not face intensive inspections and fines.

In Maine, the program identified 100,000 safety violations in 18 months, 14

times the number reported under the old system of inspections and fines, Gore said. The cooperative program also contributed to a 47 percent reduction in workplace injuries at 200 large employers.

Several speakers asserted that academic research shows that businesses that treat their workers well fare best in the marketplace.

"There is clear evidence that caring for employees and not creating a shock for remaining employees through a sudden, massive layoff . . . leads to a more profitable company," said Gerald Greenwald, chairman and chief executive officer of United Airlines. "Today, institutional investors don't believe that. They reward instant, massive layoffs."

UAL Corp. was the world's most profitable airline in 1995. The majority of its stock is owned by employees.

In response to a question, Clinton said he is concerned about the short-term thinking of today's financial markets. He said he may convene another conference to discuss ways of using financial markets to reward companies that treat workers well and consider the long-term financial implications of massive layoffs.

"My perception is that a lot of these managers are under extreme financial pressures," Clinton said.

Reich, the labor secretary, acknowledged during an interview that Clinton is trying to create another form of pressure on corporate executives with Thursday's conference: peer pressure.

"This is the most powerful form of peer pressure there is," the labor secretary said. Reich said he sees some signs that public criticism of unnecessary corporate layoffs and growing income inequality is changing the behavior of some corporate managers.

However, Reich said he wonders whether public criticism alone is enough to create a fundamental change in corporate behavior.

LANGUAGE: ENGLISH

LOAD-DATE: May 18, 1996

LEVEL 1 - 37 OF 49 STORIES

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The Reuter Business Report

May 16, 1996, Thursday, BC cycle

LENGTH: 498 words

HEADLINE: Clinton campaigns for good corporate citizenship

BYLINE: By Gene Gibbons

DATELINE: WASHINGTON

BODY:

President Clinton Thursday gave worker-friendly U.S. firms a public pat on the back and announced that a new award was being established to recognize good corporate citizens.

Named for Commerce Secretary Ron Brown, who was killed in a plane crash in April, the privately-administered award will be modelled on the Malcolm Baldrige quality awards, and will go to companies that treat their employees well.

"If there ever was a person who thought you could do well and do good at the same time, it was Ron Brown. And I can't think of a better way to honor him," Clinton said.

Baldrige, whose name graces the corporate quality awards, was a Reagan administration commerce secretary. An amateur cowboy, he died in a freak rodeo accident in 1987.

Clinton announced the tribute to Brown at the start of a day-long roundtable discussion at Georgetown University meant to signal his concern about the job jitters that plague many workers in this presidential election year.

Insecurity in the workplace, a phenomenon triggered by a wave of corporate layoffs in the United States, has become a hot-button issue due partly to conservative Patrick Buchanan, who railed about "corporate butchers" in the Republican presidential primaries earlier this year.

The roundtable discussion, which was entitled White House Conference on Corporate Citizenship, brought together more than 100 business and labor leaders and spotlighted such "worker-friendly" firms as Starbucks Coffee and Corning Inc.

Clinton said they demonstrated "that you can be successful in the American free enterprise system by having better and stronger relationships and ties with your employees."

"What I want to see us do is to elevate the good practices that are going on, show how they are consistent with making money and succeeding in the free enterprise system and hope that we can reinforce that kind of conduct," he said.



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"Let me say that I know that this is not an issue that can be solved in a day or a year. And that this is not a question of finding an answer. What we have to do is to join together in a great journey as Americans to continue to deal with these issues as we go through this dynamic economy," Clinton added.

Some corporate executives, including AT&T Chairman Robert Allen who attended the conference, have come under fire for taking multi-million dollar compensation packages at a time when they are laying off tens of thousands of workers.

Clinton has shied away from government interference in the issue, but in a USA Today interview published Thursday, he used the presidential bully pulpit to urge greater sensitivity by corporate executives.

"If I were running a company instead of a country and we were doing well, I would want a compensation system in which the people who work with me got some of the benefits if I got benefits. And if they had to take a cut, I would want to take a cut too. I would want them to believe that we are in the same boat together," Clinton said.

LANGUAGE: ENGLISH

LOAD-DATE: May 17, 1996



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May 16, 1996, Thursday, BC cycle

SECTION: Washington News

LENGTH: 489 words

HEADLINE: Clinton calls for family-friendly jobs

BYLINE: BY HELEN THOMAS UPI White House reporter

DATELINE: WASHINGTON, May 16

BODY:

Admitting it will take more than a day to accomplish, President Clinton said he hopes a White House conference on corporate citizenship will lead to a business culture that includes family-friendly workplaces, good health care, safe worksites, and investment in workers' skills. Clinton and Vice President Al Gore planned to spend the day listening to executives from corporations like Corning Inc., Patagonia, Kellogg Co., United Airlines and Johnson & Johnson share their idea from molding the American workplace into a pro-family, partnership between employee and employer. "There's a remarkable collection of people here from large, medium and small companies, men and women, different racial and ethnic backgrounds, people who represent different kinds of unions and different work organizations -- all committed to discussing this very important topic today of citizenship in the workplace," Clinton said in opening remarks. At the start of the day-long conference being held at his alma mater, Georgetown University, Clinton set the stage by announcing the creation of an industry-sponsored award for honoring corporate citizenship to be called the "Ron Brown Corporate Citizenship Award." "If there was ever a person who thought you could do well and do good at the same time, it was Ron Brown," Clinton said, with the late Commerce secretary's wife Alma sitting nearby. "I can't think of a better way for us to honor him than by continuing this work." Similar in structure to the White House regional and rural economic conferences that have been held around the country, Clinton and Gore heard from two panels -- one on creating family-friendly workplaces, and the second on employer-employee relationships. "There are some things we have to do to help people become more employable even if they don't have specific job security, in terms of improving access to educational benefits and creating greater portability for health care and retirement," Clinton said. "And we know that government should do these things, but we also know that most of the action has to be in the private sector. Just as I always say when discussing education, the great magic of education will never be in Washington or any state capital, it's what goes on in the classroom between the teacher and the child; the great magic of the American system of free enterprise is what goes on in the private sector." Earlier, Clinton hosted a private, closed-door breakfast for about 100 of the conference participants in the State Dining Room of the White House. Press secretary Mike McCurry described the breakfast as a "candid" session, and said Clinton told the chief executives in attendance that they have to "share the gain as well as the pain" of a rising economy. Clinton also told the business chiefs they should share the "good times as well as the bad



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times," McCurry said.

LANGUAGE: ENGLISH

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LEVEL 1 - 32 OF 49 STORIES

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May 16, 1996 Thursday, NORTH SPORTS FINAL EDITION

SECTION: NEWS; Pg. 11; ZONE: N

LENGTH: 851 words

HEADLINE: WHITE HOUSE TURNS SPOTLIGHT ON WORKER-FRIENDLY EMPLOYERS;
SEMINAR WILL STRESS DOWNSIZING NOT ALWAYS NECESSARY FOR SUCCESS

BYLINE: By Frank James, Washington Bureau.

DATELINE: WASHINGTON

BODY:

Corporate America often has been portrayed as the economy's chief villain, hurting hapless workers through downsizings and other greed-driven decisions.

The Clinton administration has at times joined in the corporation bashing. But on Thursday it will shift from criticism to praise.

At a White House conference on corporate citizenship, President Clinton intends to lend the presidential aura to successful companies that have been good to their workers.

One hundred executives from companies deemed models of corporate responsibility, including Fel-Pro Inc. of Skokie and UAL Corp. of Elk Grove Village, have been invited to the White House. They will discuss how their businesses have been able to stay worker-friendly while making a profit and how other companies might emulate them.

The White House wants to "show that doing well by employees is not only compatible with doing well by shareholders but may also be a necessary precondition," said Labor Secretary Robert Reich in an interview.

Administration officials say they decided to hold the meeting because many of the solutions to Americans' economic insecurity must come from the private sector, not the federal government.

"It's not about what we're doing," said Laura Tyson, the president's chief economic adviser. "It's about what they're doing," she said. "It's not about government policy . . ."

The conference is one outcome of an ideological debate within the administration over the role of government. Reich, joined by Democratic Sens. Edward Kennedy (Mass.) and Jeff Bingaman (N.M.), suggested the tax code could be used to encourage pro-worker company behavior like training and profit-sharing.

Reich lost that debate to Tyson and Treasury Secretary Robert Rubin, who opposed tinkering with the tax code. Instead, they favored the kind of moral



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suasion that this conference represents, and they won the president over.

"If you look at our agenda in our budget and what we're fighting for on the (Capitol) Hill, our focus has been on incentives to individuals and programs for individuals" in education, health care and other areas, not companies, Tyson said.

Despite losing his bid for tax breaks, Reich remained upbeat about the conference. "Never underestimate the power of the bully pulpit, particularly when that bully pulpit is occupied by people from the private sector who can speak the language of the private sector--dollars and cents--to other CEOs," he said.

An administration official, who asked that his name not be used, said the conference allows the president to finesse a contradictory reality:

By many measures, the economy is humming--for which the White House loves to take credit--but many Americans still have economic concerns. The conference gives the White House a high-profile way to show that the president cares about those concerns and to avoid the kind of political damage that President George Bush suffered in 1992 by appearing insensitive to many Americans' economic plight.

Jerry Jasinowski, president of the National Association of Manufacturers, criticized the conference as "political grandstanding." Still "it is useful because it focuses on successful companies," said Jasinowski, who wrote a book about such companies.

"But if (the administration) wants these companies to be more successful, they had better get their policy act in order," including reforming the Occupational Safety and Health Administration, he said.

Clinton outlined his views about good corporate citizens in a March speech at Xavier University in Cincinnati, saying they actually perform better financially by supporting their workers.

He cited Procter and Gamble, which provides new mothers a year of maternity leave and five years of reduced work hours to raise their children.

"Now, arguably, that costs some money," Clinton said. "But, arguably, you get it back in a fanatically loyal employee who can stay with the company for a longer period of time. Not every company can afford to do that, but those who do wind up doing pretty well."

Besides creating family-friendly workplaces, Clinton said the good corporate citizens also address "health care and pensions, training and education, more partnership (with workers) and safe and healthy workplaces."

Companies scheduled to participate in the conference at the White House and Georgetown University include Starbucks Corp. of Seattle, the coffee chain, and Johnson & Johnson, the health-care concern based in New Brunswick, N.J. Starbucks is among the few food-and-beverage chains to offer employees health insurance.

Also attending will be the 300-employee Optiva Corp. of Bellevue, Wash. From



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its start three years ago, it offered workers health-care benefits and English-as-a-second-language classes.

"We'll be exhorting other small businesses to consider for business purposes that it's worth offering very competitive benefits from day one," said Eric Meyer, vice president of marketing for the company, which makes a sonic, electric toothbrush and has \$50 million in sales.

LANGUAGE: ENGLISH

LOAD-DATE: May 16, 1996



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29TH STORY of Level 1 printed in FULL format.

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The Boston Globe

May 17, 1996, Friday, City Edition

SECTION: ECONOMY; Pg. 41

LENGTH: 135 words

HEADLINE: Clinton cites Feuerstein;
BUSINESS BRIEFS

BYLINE: By Bruce Butterfield

BODY:

Malden Mills owner Aaron Feuerstein won a standing ovation from more than 50 of the nation's top corporate executives when President Clinton briefly praised him during a White House conference on corporate citizenship. "To be singled out . . . wow, what an honor," Feuerstein said. "It was a very big surprise." Feuerstein, one of the top corporate officials invited to a conference to spotlight worker-friendly companies, did not address the conference. But midway through the session, Clinton mentioned Feuerstein as an example of a company owner who stood by workers after a devastating fire, asking the 70-year-old mill owner to "stand up." In January, Clinton invited Feuerstein to be his guest when he gave the State of the Union address, but did not mention him then as had been expected.

LANGUAGE: ENGLISH

LOAD-DATE: May 18, 1996

50TH STORY of Level 1 printed in FULL format.

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The Fresno Bee

May 17, 1996 Friday, HOME EDITION

SECTION: BUSINESS, Pg. D1

LENGTH: 730 words

HEADLINE: Clinton urges greater focus on caring for U.S. workers;
The president also establishes award in memory of Ron Brown.

BYLINE: Leo Rennert, Bee Washington Bureau Chief

DATELINE: WASHINGTON

BODY:

Seeking to allay workers' concerns about job insecurity and stagnant wages, President Clinton told corporate America Thursday that making profits for stockholders and giving workers a better break are not mutually exclusive goals.

With anxiety in the workplace looming as a major election-year issue, Clinton gathered 100 top corporate executives and a sprinkling of union leaders for a series of "bully pulpit" sessions to showcase companies that have offered extra rewards and security to employees.

The president said he will support expanded tax incentives to encourage small businesses to pay for education and training of workers. But he stressed that fostering greater corporate responsibility is chiefly the task of the private sector -- not government.

To promote a more worker-friendly environment, Clinton announced formation of an annual industry-run award program to honor companies with progressive policies in dealing with workers and helping communities.

It will be known as the Ron Brown Corporate Citizenship Award in memory of the late commerce secretary who died in a plane crash while on a trade promotion trip to Bosnia.

The new award will complement the Malcolm Baldrige prize, also named for a former commerce secretary, that honors firms for outstanding quality of products and services.

In jawboning corporate chieftains to improve the lot of workers, Clinton suggested a five-point agenda:

- * A more family-friendly workplace that recognizes obligations of workers to be good parents.
- * Stronger efforts to provide health and retirement benefits.
- * Safer and more secure workplaces.

The Fresno Bee, May 17, 1996

- * More corporate investments in the education and training of workers to keep up with technology changes.

- * Greater recognition by management that workers can contribute useful ideas to improve productivity. Bosses, Clinton said, should invite employees to "participate from the neck up."

"You can do the right thing and make money," the president told his corporate guests. "You can be successful in the American free enterprise system by having better and stronger relationships with your employees."

After several months of internal administration debate, the president opted to confront widely reported angst in the workplace with a message accentuating positive corporate examples while generally avoiding criticism of firms that have used layoffs to improve the bottom line.

Clinton did, however, argue that executive pay was getting too high at a time when most workers's wages and benefits don't match rises in corporate profits. "It's gone too far," he said in an interview with USA Today.

Labor Secretary Robert Reich and many Democratic liberals, led by Sen. Edward Kennedy, D-Mass., have been pushing for a bigger Washington role in raising standards of living for working families, including new or expanded tax breaks for companies willing to adopt higher worker-protection safeguards.

But they were opposed by Clinton's economic team, which argued against a significant government role. "The focus of this conference is what business can do," said Treasury Secretary Robert Rubin, who prevailed against Reich.

Over the last few months, both parties have tiptoed into the area of corporate responsibility and citizenship as pollsters have picked up a pervasive sense of worker disquiet about the future despite economic expansion and declining unemployment.

Much of this interest was sparked by Pat Buchanan's insurgent candidacy in the early GOP primaries when he warned the business establishment that it could expect "peasants with pitchforks" to storm the ramparts if American workers didn't get a better deal.

Reich said there are signs that corporate executives have begun using layoffs more sparingly and are paying more attention to worker interests. Republicans said Clinton's talk mirrors many of their ideas but he's too much of a captive of "union bosses" to follow through with sensible workplace reforms.

House GOP Conference Chairman John Boehner, R-Ohio, said it's a shame Clinton didn't follow his own advice on corporate responsibility when the entire White House travel office was summarily fired after he took office -- a move that prompted a subsequent expression of regret from the president. "Their families could have been spared three years of hardship and grief," said Boehner.

GRAPHIC: Associated Press

Bully pulpit. President Clinton told executives that companies can help both stockholders and employees.

71ST STORY of Level 1 printed in FULL format.

Copyright 1996 The Chronicle Publishing Co.
The San Francisco Chronicle

MAY 17, 1996, FRIDAY, FINAL EDITION

SECTION: NEWS; Pg. A3

LENGTH: 1000 words

HEADLINE: Clinton Calls for Corporate Caring
Business leaders gather for forum

BYLINE: Louis Freedberg, Chronicle Washington Bureau

DATELINE: Washington

BODY:

Moving to address an issue that has emerged as a key concern among voters, President Clinton brought 100 corporate leaders to Washington yesterday to promote the notion that it is possible to achieve profits and job security at the same time.

Clinton used the all-day forum to advocate the concept of "corporate citizenship" in which companies provide workers with benefits such as on-site child care, job retraining, pensions and health coverage they can take with them to another job.

"I wanted to change the perception that there were no companies in America that care about their employees and who try do right by them," Clinton said. "And I wanted to change the reality, where we can, by using the good examples presented here to influence people in the rest of the economy."

ADDRESSING FEAR OF LAYOFFS

The conference was called to help alleviate worker anxieties about declining wages and possible layoffs. But the finely orchestrated event, which started at the White House and then moved to a wood-panelled auditorium at Georgetown University, served to underscore the huge advantages Clinton enjoys over outgoing Senate Majority Leader Bob Dole, his probable challenger in the presidential contest.

It also provided Clinton with an opportunity to display once more his mastery of intricate details of public policy as well as his skill at handling public forums, which seemed to impress voters in his 1992 campaign.

In his first public appearance since Dole announced his resignation from the Senate, Clinton came across at times like a sensitive college professor conducting a graduate seminar and at other times like a seasoned talk show host easily fielding questions and comments from the audience.

Given conspicuously low-profile roles were executives who in recent months have been demonized in the press as "corporate killers" for laying off

The San Francisco Chronicle, MAY 17, 1996

thousands of workers while pocketing huge benefit packages sometimes worth tens of millions of dollars.

WORKER-FRIENDLY FIRMS

The only CEOs invited to speak publicly were heads of companies that have displayed sensitivity to the well-being of their employees. Howard Schultz, the founder and CEO of Starbucks, described how his company had extended health plans to all its 15,000 employees, most of whom are part-time workers. Gerald Greenwald, the CEO of United Airlines, described his company's 'no-layoff' policy and urged companies to shift their focus from reducing their size to preventing unnecessary growth.

The latest polls show that most voters side with Clinton rather than Dole on issues like raising the minimum wage, health care reform and the ban on assault weapons. But an NBC/Wall Street Journal Poll shows that a much smaller majority believes that he is more likely than Dole to get the economy growing faster.

By tackling the issue of worker anxieties directly and enlisting corporate leaders in that effort, Clinton is hoping to take charge of this issue as well. At the same time, he is walking a fine line between acknowledging the legitimacy of the anxieties of American workers and arguing that his administration's policies have resulted in a far healthier economy than when he took office three years ago.

FORUM CALLED A GIMMICK

Dole campaign officials denounced the conference as an election-year gimmick that offered the wrong prescriptions for fixing the economy.

'Bob Dole understands job creation is key to economic growth,' said Dole campaign spokeswoman Christina Martin. 'Lower taxes and less regulation, that's the message Bob Dole is taking to the American people.'

With Vice President Al Gore at his side, Clinton jotted down suggestions from the CEOs on note paper and handed them to aides to follow up on. The message to the audience was clear: Clinton is listening, and he has the power to take action immediately.

Clinton said government could help protect workers with measures like increasing the minimum wage, providing tax deductions for further education and training, and ensuring that pension and health benefits are portable from job to job.

'We know that government should do these things,' Clinton said, 'but we also know that most of the action has to be in the private sector.' He stepped short of urging companies to adopt 'no-layoff' policies but expressed great interest in those companies that had.

To further nudge corporations, he announced the establishment of an annual award named after the late Commerce Secretary Ron Brown. The prize, to be financed with private donations, would recognize companies who best exemplify 'corporate citizenship.'

NO 'CORPORATE BASHING'

It was also clear yesterday that Clinton has decided to refrain from "corporate bashing" of the kind that Pat Buchanan engaged in during the GOP primaries. Instead, he has adopted a policy of engaging corporate leaders to voluntarily institute more "worker- friendly" policies.

"Let me say that I know that this is not an issue that can be solved in a day or a year and that this is not a question of finding an answer," Clinton said. "What we have to do is join together in a great journey as Americans as we continue to deal with these issues as we go through this dynamic economy."

Labor Secretary Robert Reich, who has led the administration in condemning massive corporate layoffs, said that criticism in recent months had forced corporations to rethink their layoff strategies.

"Corporations are becoming more worker-sensitive," he said. "There is a new religion out there. Many CEOs are proselytizing with evangelical words and phrases that there is a new way to profitability by valuing their employees."

But he expressed skepticism that the shift in mood represented a fundamental change. "Corporations are singing a different tune than they were five months ago," he said. "Whether this is a passing fad or the real thing, only time will tell."

LANGUAGE: ENGLISH

LOAD-DATE: May 17, 1996

74TH STORY of Level 1 printed in FULL format.

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The San Diego Union-Tribune

May 17, 1996, Friday

SECTION: NEWS; Ed. 1,2,3,4,5,6,7,8; Pg. A-22

LENGTH: 604 words

HEADLINE: Clinton hears executives tell how helping workers helped company profits

BYLINE: Finlay Lewis
COPLEY NEWS SERVICE

BODY:

President Clinton listened approvingly yesterday as a parade of corporate executives described their efforts to boost production and soothe worker anxieties by promoting programs ranging from providing health-care benefits for part-time hires to employee ownership plans.

In panel discussions at Georgetown University, the participants in the White House Conference on Corporate Citizenship agreed that workplace policies aimed at helping employees to better themselves end up paying handsome dividends to company shareholders and managers.

Clinton's attempt to promote a more enlightened brand of corporate leadership has emerged as a central feature of his effort to counter the aftereffects of recent restructurings and downsizings of many corporations.

The resulting layoffs have jangled the nerves of many in the work force at a time when numerous studies have shown widespread deterioration of family incomes over the last two decades.

Clinton told the gathering of more than 100 business leaders that this situation is a "paradox" because the broader gauges of the economy's performance, such as its low rates of unemployment and inflation, have been reassuring.

"The workplace itself has to produce a profit, has to produce a vibrant free-enterprise system for America, and what the relationships are in this new economy between employers and employees will have a great deal to do with that," Clinton said. "You can do the right thing and make money."

Clinton made clear his hope that other employers would emulate the example of firms like Optiva, a high-tech dental-care company in Bellevue, Wash., which offers stock options to employees after their first year, full reimbursement to full-time workers for tuition and books, and flexible work schedules.

A struggling company with virtually no sales and only a handful of employees in 1992, the firm now has annual sales of \$60 million and a work force of 300.

The San Diego Union-Tribune, May 17, 1996

"In the end, our employees are our bottom line," said David Guiliani, the company's chairman and chief executive officer (CEO).

By showcasing companies that offer what he considers progressive workplace policies, Clinton seemed to be indirectly calling attention to the failure of other corporations to share profits -- at record levels, in some cases -- with their workers.

Earlier, Clinton used an interview with USA Today to criticize the executive pay structures of some companies, saying that they are excessive when compared with the earnings of average workers.

Labor Secretary Robert Reich, talking to reporters, said that he hears similar complaints from workers, but added that the executives gathered at the conference were helping to spread the gospel of "a new religion out there."

"They really believe there is a new way to profitability -- through their employees," Reich said.

Vice President Al Gore used the session as an opportunity to get in an election-year plug for the administration's efforts to reduce the size of the federal government and explore ways to make its regulatory practices less burdensome to companies with good records in areas such as workplace safety and environmental protection.

During the panel discussions, Roger Ackerman, CEO of Corning, Inc., a manufacturer of high-performance glass products, and Larry Bankowski, head of the American Flint Glass Workers Union, described a collaborative safety campaign.

As a result, the injury rate at Corning has been cut by 50 percent.

"If you're going to succeed in the marketplace, safety is a prime indicator of whether you have process control," said Ackerman.

LANGUAGE: ENGLISH

LOAD-DATE: May 18, 1996

LEVEL 1 - 12 OF 49 STORIES

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May 17, 1996 17:01 GMT

SECTION: Financial pages

LENGTH: 267 words

HEADLINE: Clinton calls on US companies to take on social responsibility

DATELINE: WASHINGTON, May 16

BODY:

President Bill Clinton Thursday called on US companies to accept their social responsibilities, saying they could both "do the right thing and make money."

Clinton spoke at a conference on corporate citizenship at Washington's Georgetown University before some 100 company chief executives.

The conference was centered on the deep sense of job and social insecurity that many Americans feel, according to surveys, despite renewed economic growth and lower unemployment rates.

Recent masive layoffs at giant US companies that post healthy profits and stagnant salaries worried the White House in this election year.

"Workplaces should be more family friendly," Clinton said in naming the principles of corporate citizenship, which he said also include health and retirement security, safe workplaces, investment in employees and "partnership" in the work force.

The president announced the creation of the Ron Brown Corporate Citizenship Award to distinguish socially responsible, named for the former Commerce Secretary who died last month in a plane crash in Croatia.

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AFP

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May 16, 1996; Thursday 02:22 Eastern Time Business
; HiTech
; Utilities

SECTION: Washington - general news

LENGTH: 920 words

BYLINE: MARTIN CRUTSINGER

DATELINE: WASHINGTON

BODY:

President Clinton is opening a new front in his election-year battle against economic anxiety this time hoping to turn the White House into a bully pulpit that will spotlight corporate responsibility.

Clinton has invited 73 business executives from around the country to participate in a series of roundtable discussions on the theme of good corporate citizenship.

The sessions were to get under way Thursday with breakfast at the White House, followed by panel discussions at Georgetown University.

Companies that have excelled at creating family-friendly workplaces, offering generous health care and retirement benefits or upgrading workers' skills will be invited to tell their stories with the goal of inspiring other corporations to do the same.

In advance of the meeting, Clinton said executives' pay was too high when compared with their employees.

"It's gone too far," Clinton said Wednesday in an interview appearing in Thursday's editions of USA Today.

Republicans, seeking to defeat Clinton in November, called the White House Conference on Corporate Responsibility nothing more than an election gimmick that offered the wrong prescriptions for what ailed the economy.

GOP National Chairman Haley Barbour said it was "evidence of this administration's desire to control the economy."

And some major lobbying groups for businesses also were leery.

"Focusing on the positive steps corporations are taking to help their employees is a welcome antidote to some of the hysterical corporate bashing that has occurred," said Jerry Jašinowski, president of the National Association of Manufacturers. "But all too often this administration has been more of a hindrance than a help."



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Jasinowski said rather than hosting a White House conference, businesses would prefer to see the administration backing efforts to cut taxes and enact regulatory and legal relief that would make it easier for them to create new jobs.

Among those invited to make presentations Thursday were executives from Optiva Corp. of Bellevue, Wash., which provides both full-time and part-time employees with health benefits and reimbursements for college education; Fel-Pro Inc. of Skokie, Ill., which offers on-site day care facilities plus scholarships and savings bonds to all children of its 1,700 employees; and Starbucks Corp. of Seattle, one of the first major retail chains to offer parttime workers similar health benefits as those provided fulltime employees.

Labor Secretary Robert Reich said it was entirely legitimate for Clinton to be using his bully pulpit to encourage the right types of corporate behavior, especially after a spate of unfavorable news stories last winter generated by layoffs such as the cut of 40,000 jobs at AT&T Corp.

After the AT&T layoff announcement in January, presidential candidate Pat Buchanan won the New Hampshire primary with a corporate-bashing campaign that railed against greedy companies shipping U.S. jobs overseas while the "forgotten Americans" watched their wages stagnate.

While the administration hopes its spotlight on good companies will help calm economic anxieties in an election year, some congressional Democrats have expressed disappointment that Clinton is not going further to address a more activist approach to combatting stagnant wages and job insecurity.

But Reich insisted that the rhetoric of corporate America already has begun to change under the glare of public criticism. He said recent restructuring announcements, including the merger of Bell Atlantic and Nynex, have been made with an eye to lessening the number of layoffs rather than trumpeting big layoffs as a way of impressing investors with cost-cutting moves.

"I think the climate has changed," he told reporters before the conference. "Recent restructuring announcements have been made not only with Wall Street in mind but also Main Street."

LANGUAGE: ENGLISH

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May 16, 1996, Thursday

DISTRIBUTION: Business Editors, News Assignment Editors

LENGTH: 612 words

HEADLINE: President Clinton taps Bellevue, Wash. CEO for advice at conference on corporate citizenship

DATELINE: SEATTLE

BODY:

May 16, 1996--"Taking good care of employees is required for good business," says David Giuliani, president and CEO of Bellevue based Optiva Corp., a pioneering company in the field of oral hygiene products.

It's this philosophy which led President Clinton to invite Giuliani to join him, Vice President Gore, and members of his Cabinet at a breakfast meeting and small panel discussion with other business leaders in Washington, DC. The meetings highlighted contributions to the American workforce made by businesses practicing good corporate citizenship.

The president commended the business leaders' "employee-friendly" policies. "Our country's strong economy offers unprecedented opportunities for America's business community," said the president. "But as businesses take advantage of these opportunities, they -- and we -- must ensure that working families are not left behind."

Giuliani credits the U.S. Small Business Administration with helping his company move quickly to the no. 2 market share in powered toothbrushes in the United States. Optiva produces innovative toothbrushes that clean teeth by using sound waves.

"The SBA's Small Business Innovative Research Grant (SBIR) that we got through the National Institute of Dental Research came at just the right time. It was a great boost to us when we started," said Giuliani. "The SBIR grant accelerated our success thereby making more jobs and repaying society many times over."

President Clinton specifically cited proposals he supports on pension reform, health insurance portability, and worker training that would make it easier for more companies to practice corporate citizenship.

"As President Clinton has acknowledged, the role of business in America is first and foremost to do well, and make money so they can hire people and contribute to the economy. But whenever possible, it should do well in a way that strengthens the family as it develops a loyal, productive workforce for that business," said Philip Lader, administrator of the SBA and a member of President Clinton's Cabinet.



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"At Optiva, we have a comprehensive sense of protecting our employees," said Giuliani. "We take care of people as people." Giuliani offers each of his 300 employees the opportunity to participate in a stock option program. His management staff also intercedes with health care providers and federal agencies when any of his employees, many of whom are recent immigrants, encounter difficulties.

The day's events were held in response to several "Corporate Citizenship Challenges" issued by the president to America's companies. -0-

Who: David Giuliani, president, Optiva Corp., Bellevue President Clinton; Vice President Gore, cabinet members

What: Working breakfast and roundtable discussions on corporate citizenship challenges

Where: The White House, Washington, DC

Georgetown University, Washington, DC

When: 8:30 a.m. - working breakfast at the White House (closed to media)
11:05 a.m. - Panel 1 at Georgetown University - Discussion regarding family friendly workplaces; health and retirement security; safe and secure workplaces. (Giuliani on panel; media availability immediately after panel adjourns)

1:15 p.m. - Panel 2 at Georgetown University - Discussion regarding investment in employees; partnership with employees.

CONTACT: U.S. Small Business Administration
Sharon Gang, 206/553-7277

LANGUAGE: ENGLISH

LOAD-DATE: May 17, 1996



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Name	Date
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M.A. "Mac" Fleming
Joe L. Greene
James LaSaja
Andrew McKenzie
Robert A. Scardibotti

May 15, 1996

MEMORANDUM

To: Gene Sperling
FAX: 456-2878

From: Gerry Shea

Re: Corporate Citizenship Conference

President John J. Sweeney would appreciate invitations for tomorrow's conference being extended to AFL-CIO Secretary-Treasurer Richard L. Trumka and AFL-CIO Vice Presidents George Becker, Bob Georgine and Jerry McEntee. He's assuming you've already extended an invitation to Lawrence Bankowski, president of the American Flint Glass Workers Union; in case you haven't, his address is included on the attached information sheet.

As I indicated to you yesterday, Steelworkers President George Becker is scheduled to chair an Executive Board meeting in Pittsburgh all day tomorrow and Friday. At President Sweeney's request, he will be here tomorrow morning for the breakfast and is trying to arrange to be available for the afternoon panel as well. If that proves impossible, he will have the Steelworkers Vice President with responsibilities for Republic Engineered Steel, Richard Davis, substitute for him on the panel.

In any case, Mr. Davis will come to Washington with President Becker. President Sweeney would appreciate it if he could be invited to the breakfast as well.

Attachment

cc: Jennifer O'Connor (FAX: 456-7929)

G.S./kcm

Mr. John J. Sweeney, President
AFL-CIO
815 16th Street, N.W.
Washington, D.C. 20006
Phone: 637-5221 FAX: 508-6946
DOB: 05/05/34
SS#: 092-26-0634

Mr. Richard L. Trumka, Secretary-Treasurer
AFL-CIO
815 16th Street, N.W.
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SS#: 181-40-5410

Mr. George Becker, President
United Steelworkers of America
Five Gateway Center
Pittsburgh, Pennsylvania 15222
Phone: 412/562-2300 FAX: 412/562-2598
DOB: 10/20/28
SS#: 494-24-2883

Mr. Robert A. Georgine, President
Building and Construction Trades Department
815 16th Street, N.W., Suite 603
Washington, D.C. 20006
Phone: 347-1461 FAX: 628-0724
DOB: 07/18/32
SS#: 353-22-5739

Mr. Gerald W. McEntee, President
American Federation of State, County and Municipal Employees
1625 L Street, N.W.
Washington, D.C. 20036
Phone: 429-1100 FAX: 429-1102
DOB: 01/11/35
SS#: 182-26-2543

Mr. Lawrence Bankowski, President
American Flint Glass Workers Union
1440 South Byrne Road
Toledo, Ohio 43614
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DOB: 04/10/31
SS#: 301-24-3236

Mr. Richard Davis, Vice President
United Steelworkers of America
Five Gateway Center
Pittsburgh, Pennsylvania 15222
Phone: 412/562-2300 FAX: 412/562-2598
DOB: 07/07/40
SS#: 235-60-0252

Name	Date
Karl Rasine	3/9/99

Counsel

file - corp resp

Corp Resp 5/15/96

LP, Lora T, Carr, Ann Lewis, Ladee, Agell,
Shupley, Spilly, Klam, Walen, Heimer, Gotham
If there are those who think it's needed,
we're prepared to work on solutions....

→ Pres can acknowledge a ^{legit} debate

I know lotta debates on the Hill.
I wanted to go beyond that. Both
AFL & BRT have done surveys & find
remarkably similar things etc...

we should ask for now → compact →
what will it be? what's duk, fees

"what should
a new cc expect?" ask 'em to have that discussion
"expectations" what's happening in your companies, etc.

→ in next 2 hours - tps

11-1230 = panel 1
1-245 = 2nd panel

Name	Date	
Karl Racine	3/9/99	Council

THE WHITE HOUSE
WASHINGTON

3/28

Spelling

- appreciative
- feel involved
- they'll feel right
attention

Labov -
Corp. responsibility

THE WHITE HOUSE
WASHINGTON

talk to Sperling
re corp resp

Gerry's other ideas

(bletst
puban part at (bom))

THE WHITE HOUSE
WASHINGTON

18 March 1996

*fill
labor -
corp
resp*

MEMORANDUM TO LAURA D'ANDREA TYSON

CC: Jennifer O'Connor
From: Harold Ickes *(initials)*
Re: Possible White House meeting of CEO's of
"responsible" corporations

Laura, in the event that a White House meeting of a select group of CEO's of "responsible" corporations is convened, the appropriate representatives of the AFL-CIO should probably be involved. John Sweeney, the newly elected head of the AFL-CIO expressed great interest in labor's involvement in any such meeting.

If you have any questions, please let me know, or have the appropriate person on your staff check with Jennifer O'Connor.

Name	Date
Karl Kacine	3/9/99

Counsel