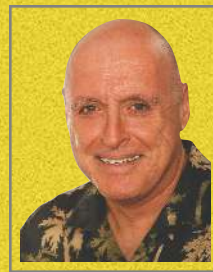


# THE EXTRA POINT

BY JERRY ROBERTS



## # 847 Standing Idly By – Enron and a Love Story that Wasn't

It was one of the biggest financial takedowns in American history, and it happened because the people who were watching didn't want to see. I'm Jerry Roberts, and along with that, a love story that wasn't a love story, but was seen that way because the supposed lovers made the same mistake the Enron board did. That's next, on The Extra Point.

I'm taking a class right now, and one of the stories was about Enron Corporation. In 2000, Enron, based in Houston, was the world's most admired company, according to Fortune magazine. At one point, the company had annual revenues in excess of \$100 billion, derived from various business interests around the world.

It had seen years of apparent success, and it seemed everybody wanted to jump on the Enron bandwagon to get a piece of it.

Then, in 2001, information surfaced that Enron had committed fraud. The books had been falsified. The accounting was phony. Enron executives were accused and convicted of crimes, and the company was taken to bankruptcy.

Enron's employees weren't so fortunate. They lost not just their jobs, but their pension funds got hit for \$1 billion. In real terms, most of them lost everything.

Jeffrey Sonnenfeld, a professor at Yale University, studied the Enron case, particularly the board of directors. They went to meetings and were given financial statements to look at. Then, the CEO and chief financial officer would explain how great everything was.

The board members would read the reports and they would look around the room, and saw that nobody was questioning anything or saw any problems. Thus, they all just went along with what they were being told.

Here's the thing. The board of directors of Enron was considered one of the most admired boards of directors anywhere. They included presidents of mutual fund companies, presidents of insurance companies, and a professor who was the dean of a business school who had written accounting books.

This board knew finance. They knew accounting. They could see issues with the numbers. They wouldn't want wrongdoing, but they just went along with things. In their minds, it must have been okay. But it wasn't okay.

Another example from the class told the story of a college psychology professor. He was in his office one day and a young woman, one of his students, came in and sat down. She looked depressed.

The professor said, "Why are you depressed?" She responded, "Well, you'd be depressed, too, if next Sunday you were marrying somebody you don't love."

He came back at her, "Why are you marrying somebody you don't love?" She admitted that it was because of a moment of passion. "I couldn't say no," she said, "And he told his parents, and they called my parents, and the next thing we knew they all started planning the wedding. If I back out now, it will break their hearts." She looked at him with a sad look on her face, her voice almost breaking, and said, "I just can't do that."

The next day the professor is in the cafeteria, takes his lunch and sits down at a table with a young man who had a depressed look on his face. The professor asked him, "Pray tell, why are you depressed." The young man replied, "Well, you'd be depressed, too, if next Sunday you were marrying somebody you don't love."

(Con't.)

The professor looked at him and said, "Why are you marrying somebody you don't love?" "Well," said the man, "It was a moment of passion...and I couldn't say no. Then, I told my parents and they told her parents, and... and...one thing led to another...and now I can't back out. It would break their hearts."

The word the class leader used is *acquiesce*. Webster's dictionary defines it this way: "to accept, comply, or submit passively."

Maybe another way to say it is to stand by, do nothing, and let events control us, not us controlling events.

The board didn't want criminal activity at Enron, but they acquiesced when they should have stood up and asked questions.

The soon-to-be bride and groom didn't want to be married, but they had acquiesced, accepting their fate.

In our jobs and lives, what have you and I acquiesced over, and is it too late to stand up and change that?

That's The Extra Point. Be responsible and make something good happen today. For 93.3 and the Ray Gibson Show, I'm Jerry Roberts.

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