

Change We Can Invest In

By Drew Wood



(Photo by Marshall Franklin Long)

It's not everyday that you encounter an entrepreneur looking not to make a buck. Especially when said entrepreneur used to be a partner at Arthur Andersen, the once-great accounting powerhouse. It is unique. It is rare. It is hard to believe.

Yet somehow, when Bill Bojan, President and CEO of Integrated Governance Solutions, LLC (IGS), a corporate governance think tank of sorts, leans forward in his leather chair, ambles into an effortlessly gentle smile and tells me, "Drew, I'm doing this more to drive change than to make a buck," I can't help but believe him.

And in the game of corporate governance and ethics, shouldn't an air of undeniable truthfulness be the key player's key trait?

However, it's not just Bojan's inherent Boy Scout charm that

leads me down the path of belief, it's the IGS story itself.

Integrated Governance Solutions was born when Bill Bojan had finally had enough of watching good companies topple because of mismanagement, greed and limited accountability.

"There is a broken system of checks and balances," says Bojan, articulating the root concern of IGS. "My firm believes that the single worst governance practice is the combination CEO-chairman of the board." Bojan, who was at Arthur Andersen when they failed and was Chief Risk Officer and General Auditor for UnitedHealth Group when the options backdating crisis plagued them, figures that a corporation without legitimate checks and balances functions much the same as a government might. "When an average American looks at checks and balances they think of the three branches of government," he explains. Without a proper legislature and judicial system, the power falls mightily towards the President and, in turn, drives things the way of a dictatorship, which is precisely what Bojan sees in modern-day corporations. And in the corporate scenario it's not just a matter of power, it's a matter of incentive.

Enter the tangible pit-fall of the dual-role executive. "Many of today's CEOs are compensated asymmetrically," laments Bojan. "They are rewarded for both risk and failure."

Asymmetrical compensation coupled with average CEO tenure resting right around four years doesn't do much to foster public trust, and in Bojan's eyes this is a primary failure of today's dysfunctional corporate governance culture.

Bojan says restoring trust will be no easy feat, nor will convincing corporations to change from "business as usual." "Trust won't be restored if companies are forced to make the change," says Bojan. "We are still in a phase of protecting the status quo. Management has changed, but governance has not."

So how do we shift corporate culture to "next generation governance"—the term Bojan and his mighty team of 10 employ to brand their solution? Bojan illustrates the scenario with a metaphor.

"Business 20 years ago was like a locomotive speeding along tracks," he says, again on the edge of his seat, glasses in hand. "Today businesses look more like fighter jets. But we're flying these jets with the instruments of a locomotive. I want instruments and air traffic control before I get on the plane."

Accordingly, IGS spent the first 18 months modernizing the controls. "Over the last year and a half IGS has taken the time to build complete road maps and diagnostic tools," says Bojan of his company's efforts to lay the groundwork for perpetuating change.

And if that timeline sounds peculiar for an upstart business, that's because it is. While most fledgling businesses are quick to deliver a product in hopes of generating immediate revenue, Integrated Governance Solutions—entirely self-funded—has yet to record a sale.

However, what Bojan calls the “getting in position phase” is nearing its end and IGS is gearing-up to take its service to market. “The goal is to find a couple of fairly prominent organizations in order to develop success stories,” says Bojan, ruminating about what brave company might first plunge into next generation governance. Bojan also tells me that it’s not a job fit for everyone, especially those who only want to superficially repair tarnished images. “We are looking for organizations that want to do this for the right reasons,” he says.

Although Bojan cannot disclose who the first IGS clients will be, the system of corporate diagnostics and road maps is close to being employed. The hope is that, once the desired results of next generation governance—“increased value, accelerated growth, enhanced innovation, improved collaboration, better execution and heightened loyalty”—are proven effective, growth will perpetuate at state, national and global levels.

For the IGS plan to work, corporations, their boards and the government are all going to have to do their part: A tall order, indeed.

However, if the passionate Bojan is able to appeal to the “direct influencers” one-on-one, the task might not be so difficult.

After all, when was the last time you heard a CEO utter this type of sentiment: “I saw the writing on the wall. I really felt called. Directly called by God?” **MB**