America: We Have the Country We Want

Mark Mullen

America: We Have the Country We Want

ISBN-13: 978-1502890214

ISBN-10: 1502890216

Printed in the United States of America

First Edition

Contents

Foreword

Why should you purchase this book? What makes it different from hundreds of other books on American culture? The answer is you are looking for a fresh perspective and a common sense approach in examining the country we live in. This is not another book advocating social changes or academic research to confirm or deny a specific philosophical theory. Rather, the constructs of this book are the observations and reflections of one man who was born and raised in the USA. Whether you are a busy professional, laborer, retiree, or student the goal of this book is to entertain and enlighten you with thoughts on some of today's most talked about social issues.

"My country, 'tis of Thee, Sweet Land of Liberty, Of thee I sing,[1]" or complain. We Americans, love to grumble about the weather, sports, politics, family, or just life in general. It's our God given right to lament the imperfections of our world. But by golly, don't go trying to pull the rug out from underneath our feet, even when the carpet is on fire. We get extremely comfortable with our surroundings and like to cling onto the familiar, even when the familiar is bad for us. Don't believe me? Just ask a cigarette smoker how many times they have quit smoking.

Complaining is just our way of coping with the world. If we stop complaining then we have to start doing something about fixing the world. And doing something is much more difficult than criticizing. Besides, there is something therapeutic about complaining. It provides us with opportunities to converse with family, friends, and even strangers. It is a release from the tensions of work and play. Moreover, we complain because deep down

[1] Lyrics from "America" by Samuel Francis Smith, 1831

inside, we are content with things the way they are. We like the country the way it is. We have the country we want.

What's in This Book?

Business

We complain about rising prices but continue to shop until we drop. If you live in a metropolitan area just drive by any mall during any weekend and try to find a parking space. It's not so easy is it? We complain about Wall Street greed and a heartless corporate America. Is it justified? Yes, many of our grievances are legitimate. In this section I examine some of the failures concerning corporate America including the violation of sacred trusts between employer and employee; vanishing retirement; and the throw away employee.

Education

In spite of what you have heard and read about our schools, Americans like their local school and the way it educates and prepares their children. Americans want to keep the schools they have. And with good reason. In this chapter, I examine a few of the most popular education myths used by politicians during political campaigns. The topics of entry level skills gap, STEM, and college for everyone are explored with an eye on reality and common sense.

Society

As much as Americans like to complain, American politicians like to play the blame game. Over spend budgets, and then blame the rich; ignore policies that produce jobs, and blame the CEO's for being over paid; need more money, and blame treasury for not printing enough. But politicians are not the only ones who blame. We have been institutionalized and rewarded for blaming others for our blunders. In this chapter I look at these as well as the parenting of today.

Religion and Guns

The First and Second Amendments of the Constitution continue to be the most controversial and talked about government pieces of legislation of all time. Both amendments have a large following of interpreters as to what the founding fathers really meant. In this chapter, I frame my own common sense views surrounding religious holiday displays, religion in school, the war of religion, and the war on guns.

Media

Why does the media exist? I examine that very question in this chapter. I touch on TV and newspaper reporting and the entertainment style of news. I look at some of the external factors that shape what you see, hear, and read. And finally, I take a peek at social media and its unintended consequence of quarantining its users.

1. BUSINESS

“People are definitely a company's greatest asset. It doesn't make any difference whether the product is cars or cosmetics. A company is only as good as the people it keeps.” - Mary Kay Ash

I would like to begin this chapter by stating that we have the country we want. Business behaves the way it does because we let them. We complain about rising prices but continue to shop until we drop. We complain about Walmart and its practices toward employees and where some of its products are made. Still, Walmart has grown into the world’s largest retailer. In 2012, protesters marched against Wall Street and major banking institutions in American cities. They claimed Wall Street (banks and financial institutions) greed was responsible for high unemployment rates. But is Wall Street culpable for all of America’s economic problems? Let’s find out.

Leaderless Corporate America

It would be easy to point the finger at the CEOs for corporate collapses that put hundreds of thousands of employees out of work. But in many ways, the CEO is just another victim of a leaderless corporate world. Not to say that the CEO is a victim, immune to accountability. Far from it. The CEO looks to the board of directors (BODs) for road signs and overall course directions. When the markers aren’t there or covered in a fog, the CEO will improvise and drive the company on a course he thinks will please his critics. As we have seen over the years, many CEOs have mistaken the four lane expressway as the route to corporate growth and sustainability. It seems they may have forgotten Aesop's Fable of the Tortoise and the Hare.

The real culprit for failure is the board of directors (BODs) of the S&P 500. For quite some time, BODs have conferred executive compensation packages akin to Major League Baseball agreements. Players are awarded large, multi-year guaranteed contracts based on past performance. Perform well in the future and get paid millions; perform poorly and still get paid millions. BODs treat the CEO like superstar athletes. They are showered with special benefits not available to the average worker: benefits like personal use of the corporate jet, limousine and driver, extra retirement contributions, and condos and apartments located in exotic vacation spots. And let's not forget about the golden parachute (additional money not associated with base pay or pension received when CEO employment is terminated). Although the SEC adopted the Todd-Frank Wall Street Reform and Consumer Protection Act of 2011, the golden parachute still floats gently over the American landscape. For example, in 2014, Target fired its CEO and gave him a parachute worth $28.7 million. 2013 saw IBM's retiring CEO receive $170 million; and in 2011, CVS Caremark CEO received $185. Even COO's are getting into the act. For example, the fired COO of Yahoo walked away with $109 million in 2014. And in 2013, NYSE's COO received a golden parachute of $17 million.

It's no wonder the CEO thinks he/she is the most important person on the earth. Whose head wouldn't swell if constantly treated like a king or queen? Those CEOs who lose touch with reality are bad leaders. They fail to listen to their workers and their customers. Just look at Ron Johnson who was hired as CEO by J.C. Penney in 2011. He didn't listen to his staff and made decisions based solely on his gut feelings. He ignored customer preferences and eliminated popular brands and "sales." His ego cost him his job. But the BODs may have destroyed J. C. Penney for all time by allowing Mr. Johnson to execute his plan and stay in control for 18 months. The role of the BODs is to protect and sustain the company. Many of the major S&P 500 BODs have failed to uphold this obligation. I am absolutely certain that they will disagree with my assessment, but nevertheless let us proceed.

Let me start by asking, "What constitutes a company?" Essentially, a company, or business, is made up of workers, including the CEO, who produce products for customers. But workers are not the only ones paid in the company. And this is where it gets muddy. BODs also receive compensation for their willingness to sit on the board. In 2012, if you sat on Hewlett-Packard's board you received a salary just shy of $950,000 per year. For the same year, a director on the Oracle board received $725,000 per year. A director of Salesforce received just under $700,000 per year. Not bad money for part-time jobs. Then, of course, there are the temporary company owners – the shareholders. I say temporary because each day approximately 2 billion shares of stock are bought or sold on the NYSE. Very few investors hold onto a single stock for a lifetime. Some hold a stock for months, others for years, but according to Paul Farrow, the average investor holds a stock for 22 seconds[2].

Of all the paid components of a company, the worker is the most important – the worker is the COMPANY! At GM, the BODs do not manufacture cars, the shareholders do

[2] "How long does the average share holding last? Just 22 seconds." Paul Farrow. *The Telegraph.* January 18, 2012

not manufacture cars. Only the workers manufacture cars. Without workers there is no company No company means no BODs, no shareholders, and no money for anyone. Yet BODs and certain stockholders are the most influential of the paid components who determine company success or failure. To understand why, we need to know a little about each party. Let's start with BODs.

Typically, BODs consist of executives employed by other corporations. They are selected for their expertise in some aspect of business that could help the company grow or solve problems. Bloomberg reports that the average compensation paid to S&P 500 BODs was $251,000 during fiscal year 2012.[3] But that's not all, one company paid one BOD a $9.5 million retention bonus to run for BODs re-election. Other companies have paid millions to BODs for consulting services. And let's not forget that many BODs receive stock in the company as part of their compensation package. Bloomberg also reported that one company repaid taxes that directors incurred due to stock ownership. But my favorite Bloomberg story is the one about a company's BODs that voted to pay itself two years of compensation in advance and in one payment so they could save on personal income taxes. Sounds like a BODs committed to company success doesn't it.

BODs are required to have at least part of the board (an audit committee) comprised solely of what is known as independent directors. In this case, independent means:

- The director is not an employee of the company and could not have been employed

[3] "Board Director Pay Hits Record $251,000 for 250 Hours." Jeff Green, Hideki Suzuki. *Bloomberg.* May 30, 2013

by the company within three years prior to board appointment;

- The director has no family employed by the company;
- The director has no business relationship with the company other than serving on the BODs.

That said, how independent can a BODs be if they are paid with company stock options and a quarter million dollars per year for 250 hours of time? Let me expand on this one.

Conundrum #1: You are sitting on a BODs and you are a C-suite level executive for another company. As a C-suite executive, you don’t take directives too kindly from those outside of your company, especially ones outside of your industry. You rose to the C-suite because you have a particular specialized skill set and knowledge gained from a lifetime of meeting and overcoming challenges. The last thing you need is someone telling you what you ought to do. Most BODs extend that same courtesy to the CEO of the company for whom they sit. Many BODs become subservient to the CEO and rubber stamp executive ideas, plans, and strategies rather than actively challenging issues. Case in point, J.C. Penney. After all, BODs have their own companies to run, they don’t want to run another one.

Conundrum #2: In many cases, BODs are hand selected by the company CEO. How independent are you going to be with someone who gave you $251,000 just to come to a few meetings over the course of a year? If you want to stay on that BODs indefinitely, you are likely going to make nice to the CEO and not create any conflict.

Conundrum #3: The generally accepted principal responsibility of the BODs is to protect the shareholders assets while governing the company in a manner that grows the stockholder investment. Unfortunately, the SEC and the Federal Government value the stockholder over the worker. The primary obligation directs BODs to overlook employees and focus on stockholder profit. This compulsion leads to decisions that can produce temporary short term profits but damage workers and the company's long-term sustainability (see Downsizing later in this chapter). If you don't protect the worker how can you protect stockholder assets as the workers are the primary asset. And how can you protect stockholder investment when the owners change every 22 seconds? Interestingly, some European countries use a practice known as co-determination which puts workers on the BODs. In Germany, any company with 500 or more employees must have worker representation on the BODs.

Conundrum #4: The CEO and the BODs are paid, in part, with company stock. When the stock goes up they make money. So why wouldn't a CEO and BODs make decisions that temporary inflate the stock price while risking long-term growth? Well they do – they favor today over tomorrow. Why? Well today they own the stock and want to squeeze as much return as possible from their holdings. Tomorrow, the CEO may be working at a different company and individual BODs may no longer be sitting at the table.

Conundrum #5: BODs are C-suite executives at other companies. They approve multi-million dollar CEO compensation, perks, and golden parachutes because they want the same for themselves. The more they give to the CEO, the more leverage they have when they negotiate employment agreements with their employer. It's simply, "Hey. Look what they are giving the CEO over at company

Z. We're a better company than Z, therefore it would be an insult to offer me less."