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Still dumb after Watergate

Patricia Dunn should have met Bob Woodward.

Dunn is the former Hewlett-Packard Co. chairwoman who was forced to resign and later indicted because of her role in a company investigation of media leaks by other board members. Woodward is the journalist and in-the-news-again author who became famous as half of the reporting team that exposed Watergate.

Much of modern reporting and public relations is colored by Watergate. Woodward and his partner, Carl Bernstein, attracted many of today's journalists into the news business during the anti-establishment '70s. For many of today's journalists, the Holy Grail is exposing wrongdoing in government and at other big institutions — and, even better, toppling them or their leaders.

Today's politicians know the lessons of Watergate (though they don't always follow them):

- The cover-up is always worse than the crime.
- Investigations into leaks never come to a good end for the investigators.
- The way to survive a scandal is to get out all the damaging information as quickly as possible, acknowledge responsibility and move on. The alternative is a steady drip of negative news that nearly always proves fatal.

Until recently, corporate leaders didn't really need to learn these lessons. Unlike in government, internal documents are not publicly available. Damaging leaks typically came from corporate whistleblowers or disgruntled former employees often so far down the corporate hierarchy that

their information was sketchy.

But then came the corporate-governance reforms prompted by the scandals of the Enron era, during which clubby boards often rubber-stamped or ignored management abuses. One reform was the creation of more independent boards. And that's where H-P's Dunn got into trouble.

Upset by media leaks that appeared to come from fellow members of her own board, she presided over a leak investigation that included the acquisition of directors' and journalists' personal phone records. In a tactic reminiscent of the Nixon White House, a reporter was tailed by an investigator. Dunn refused to acknowledge responsibility. Congressional

hearings were held. Drip, drip.

Dunn's defense has been that while she knew of the investigations, she didn't know that they involved illegal activity. That defense misses the point: Leak investigations are dumb. They alienate the media, throw off a smell of paranoia and undermine an organization's morale. Others have argued that certain corporate information should be kept confidential by board members. That's true. The question is not whether leaks are a good idea, but how they should be handled.

Political leaders have grown accustomed to living in a fish bowl. And if they want to survive in a post-Enron, media-saturated world, corporate leaders are going to have to adapt to the same environment.

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