Straight Talk Book No.5

# A capital idea

(Why it just might make sense
to do more than Sarbanes-Oxley
mandates)

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"… Simply complying with the rules is not enough. They should, as I have said before, make this approach part of their companies' DNA. For companies that take this approach, most of the major concerns about compliance disappear. Moreover, if companies view the new laws as opportunities – opportunities to improve internal controls, improve the performance of the board, and improve their public reporting – they will ultimately be better run, more transparent, and therefore more attractive to investors."

**William Donaldson, SEC Chairman**
**Remarks at National Press Club, July 30, 2003**

# Contents

# Schoolyard justice

Few will publicly admit it, but many have come to view the Sarbanes-Oxley Act of 2002 as an unwelcome requirement. Cost, effort and energy poured into complying with new regulations, all caused by a tiny minority of unethical individuals.

Most will agree that the law was needed to restore investor confidence. But few will acknowledge that they themselves need it. Or can benefit from it. This is someone else's problem – and, like schoolyard justice, the whole class gets punished.

The public markets, however, are sending a different message. And it is a loud one. They are rewarding companies that have good governance and high financial IQ (Information Quality = Transparency, Timeliness, Accuracy, and Reliability) – and punishing those that don't.

So while everyone else is resigned to complying with the letter of the law, astute leaders are going further, and responding to the spirit of the law. They have figured out that Sarbanes-Oxley is also about good business and shareholder value.

This book may give you tips on compliance or help you better understand the legislation. But ultimately, it is intended to give you a peek at the rewards that lie beyond the requirements, so you can decide if it is worth changing your mind (and your approach) to Sarbox.

**Sarbox Tip No.1:** Pursue the riches of good governance so you can avoid the consequences of poor governance.

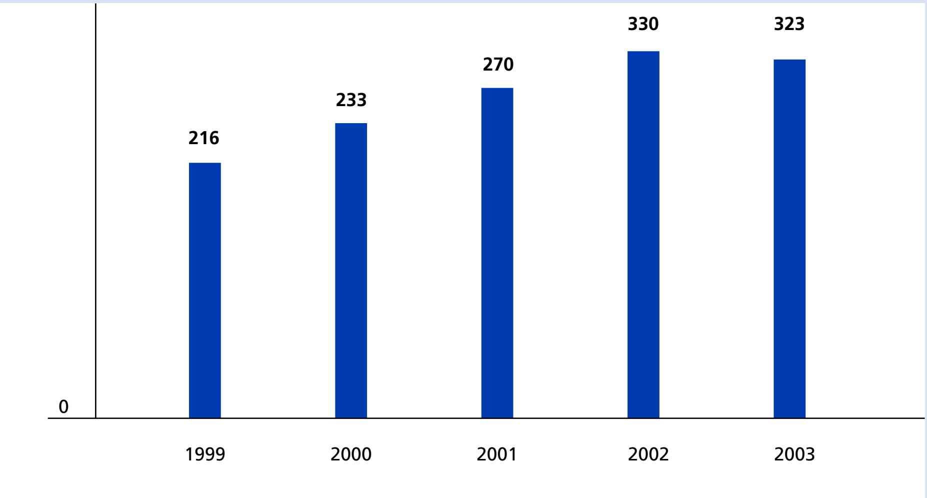
This book was prepared by Deloitte & Touche LLP and Deloitte Consulting LLP.

## The bad news

It is understandable that you might be focused on the flurry of activity required to comply with Sarbanes-Oxley's myriad requirements. Just be sure to keep an eye out for the restatement hammer that the investors are swinging around the corridors of the capital markets, too.

**When surprises aren't surprising anymore**

**Number of financial restatements**

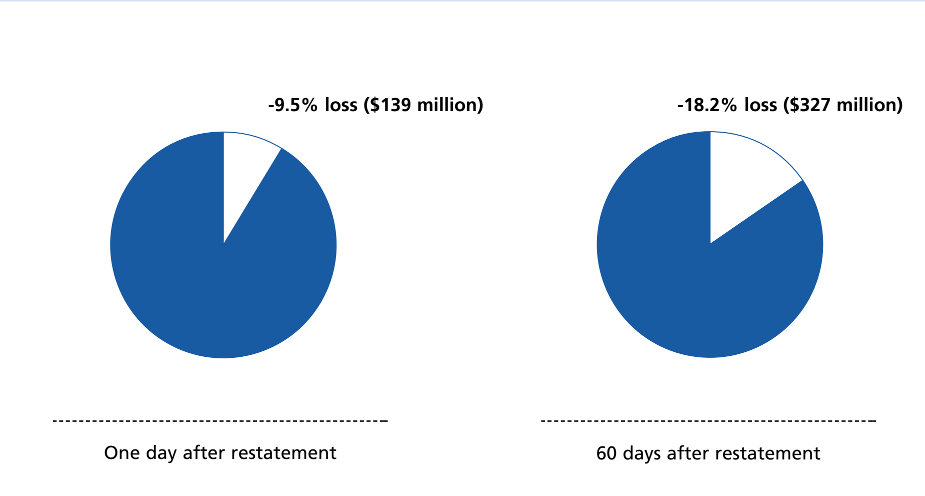



With financial restatements on the rise, it can be difficult for investors to feel confident about a company's stated performance.

Source: Huron Consulting Group, 2003 Annual Review of Financial Reporting Matters

## The incredible shrinking market cap

**Average market capitalization lost due to financial restatements**




The punishment for financial restatements is severe. Issuing low-quality financial information will ultimately leave your shareholders doubled over in pain.

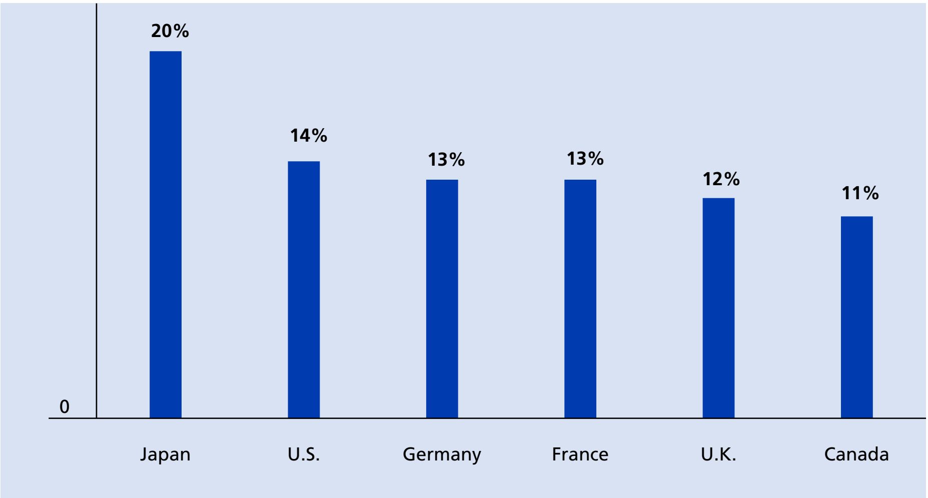
Source: United States General Accounting Office Financial Statement Restatements. Report to the Chairman, Committee of Banking, Housing, and Urban Affairs October, 2002

## The good news

It turns out the investors' hammer has a golden carrot tied to it. The capital markets are demonstrating a willingness to pay a premium for companies that demonstrate good governance. That means a higher probability of return on your investment in the things that matter to your shareholders.

### The global prize

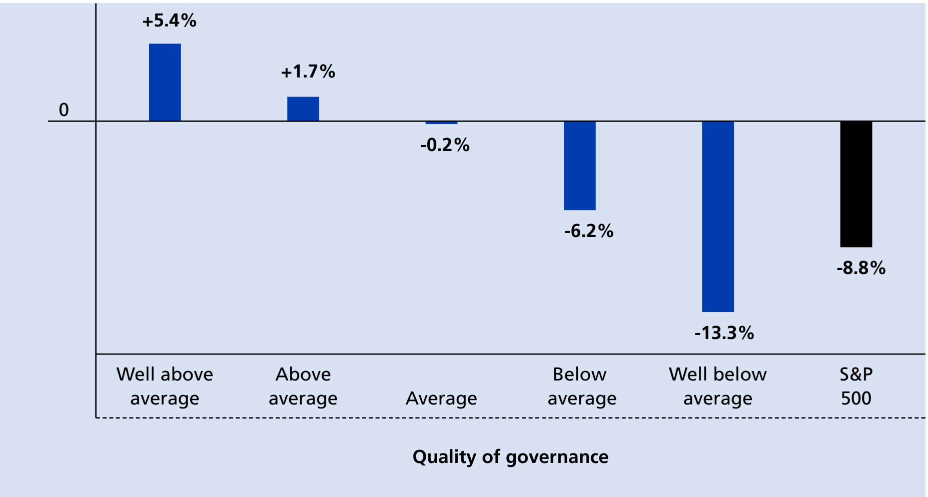
**Average premium on share price investors are willing to pay for good governance**




While Sarbanes-Oxley pertains to U.S. corporations within the jurisdiction of the SEC, governance is rewarded (and punished) in capital markets around the world.

Data source: McKinsey & Co.; 2002 Global Investor Opinion Survey

**When well-above-average is well-above-average**
**Annualized stock returns for a three-year period ending 08.12.03**

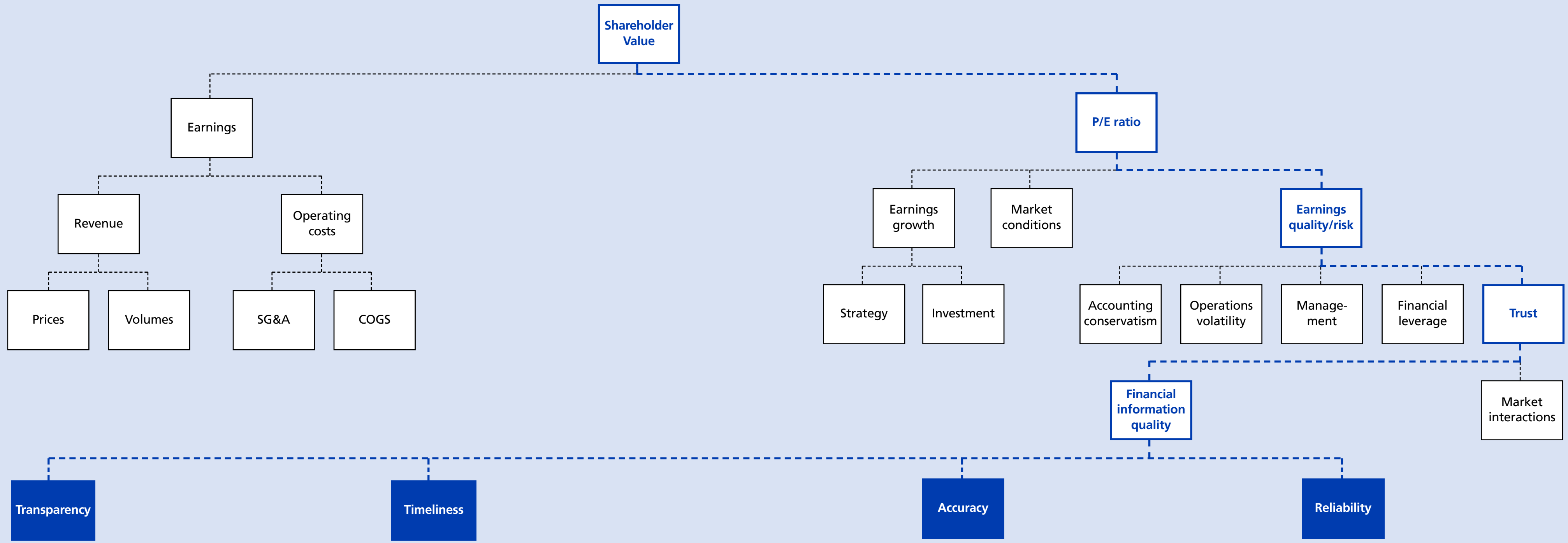



Companies with well-above average governance ratings outperformed those with below-average ratings during the past three years. A GovernanceMetrics International study of the stock returns of 1,600 major global firms shows that corporations with poor governance were also poor investments.

Data source: GovernanceMetrics International

## Financial IQ: New kid on the shareholder value block

The quality of your financial information has a strong and direct impact on the trust investors place in your earnings. And like more traditional measures, it will be critically important to understand how to improve your IQ and thereby boost trust in your company.




**The transparency train**

The transparency train has left the station. The markets, encouraged by both regulation and technology, are demanding more and better information and access. But before complying and responding to these external forces, leading companies will first satisfy their own needs. Creating, capturing, and analyzing information that presents a compelling picture of what makes the business tick will be the hard part.

**The way to an investor's heart**

Make sure your investors never feel starved for information. And this is a tall order today, when the appetite for information is ravenous. How fast do you close your books? Can you digest and interpret, in almost real time, how changing business conditions will impact your performance? Investors will reward you if you can.

**Stay out of the penalty box**

Earnings restatements, on average, knock 18% off the market capitalization of a company. How many initiatives that you are currently involved in have that kind of potential impact on your stock price? It's worth it to invest in the systems, processes, and policies required to give investors confidence that you won't wind up in the restatement penalty box.

**Smooth is out, realism is in**

Business is not a perfect regression line. Earnings go up, and earnings go down. And the capital markets are now conditioned to question perfection and expect more volatility. Tell us what will happen (good or bad), but do get it right once you tell us.

# Attitude check

Today, you have a point of view on all the key drivers that impact your P/E multiple, and ultimately, shareholder value. You hold a set of beliefs about revenue growth and how important it is to shareholders and the capital markets. About operating margins. About product innovation. About asset efficiency.

Your attitude and belief about how the markets value these drivers ultimately determines how your organization responds and competes. How priorities get set. What gets funded. What gets measured. What gets done.

Many of your attitudes and beliefs have been shaped over the years and substantiated by voluminous research. But Sarbanes-Oxley strikes at the heart of a new variable – Financial IQ. How important really are transparency, timeliness, accuracy and reliability? Will they really matter? Will the markets really reward you?

The very first step to taking advantage of Sarbanes-Oxley is first figuring out whether you think it really matters, and how much. No, not compliance. Everybody's doing that. But, in your mind, is there really an opportunity for advantage and reward?

If you deeply believe that the markets will reward your efforts, great. Proceed to Step 2. But if you are a skeptic, a minimalist or perhaps even a nabob of negativism, it just might make sense to get a second opinion. Look a little harder. Check with trusted sources and peers. Sleep on it.

Take your time here – this is one of the most important steps of all. Your shareholders will thank you for it.

**Sarbox Tip No.2:** Before you make up your mind on Sarbox, be open to changing it.

## Where are you now?

(Select the description that most closely represents your attitude towards Sarbanes-Oxley.)

| | |
|---|---|
| **Buccaneer** | Sarbox marks the spot on your treasure map. You believe that this is a perfect opportunity to steal advantage from your compliance-focused competitors. You are prepared to use Sarbanes-Oxley to seize competitive advantage. |
| **Budding Opportunist** | You are inclined to buy in to the notion that there are opportunities in Sarbanes-Oxley. You are acting on a handful of those now, and looking for more. |
| **Open-minded Skeptic** | You have to comply, and this is your first priority. You'll listen to arguments about strategic opportunity, but warily. You're a Missourian at heart – "Show me." |
| **Minimalist** | You believe that your company is largely in control, and that there is little advantage to doing anything more than minimum required compliance. That's not bad per se – but you might want to seek a second opinion. |
| **Nattering Nabob of Negativism** | For you Sarbanes-Oxley is a huge example of wasteful government hand waving that will have no impact whatsoever on anything that matters – other than making America less competitive. In fact, deep down, you worry that Sarbox will end up stifling innovation. |

# Why good people do bad things

What makes god-fearing, Little-League-coaching executives cross the line and commit fraud?

Or well-intended, hard-working sales managers fudge their numbers at quarter end?

Most people have good intentions, and want to perform their jobs ethically. But sociological studies show that even those with scruples of steel will buckle and make bad decisions when put in an environment that encourages them to do so.[1]

So, when it comes to your people's conduct, your culture could be your greatest asset, or your biggest threat.

Take, for example, the culture where business plans never get reviewed, budgets are routinely exceeded, deadlines are missed without consequence, and performance reviews are toothless. This environment gives people permission to make promises they can't keep. Eventually, you face the need to report bad news.

Or consider the intensely competitive culture, where everything is tied to the numbers. In it, otherwise good people sacrifice accuracy, quality or integrity for the sake of the win.

The good news is that you have a big influence on your culture. Your actions have a huge ripple effect on the behaviors of others.

The bad news is that it's hard. And ironically, most businesses will dismiss this as the soft stuff.

But in the end, it boils down to creating an environment where good people make good decisions when faced with conflict. Your culture either encourages that. Or it doesn't.

1) See studies by Princeton University's John Darley, which show how the corporate environment leads people to do things they would never even think of doing in their personal lives, without even realizing it.

**Sarbox Tip No.3:** Fix your culture before the capital markets tell you it's a problem.

## Tone at the Top:
## Words speak, but actions thunder

**When leading by example is not a hackneyed cliche**

| In companies where top management: | Percent of employees who observed misconduct |
|---|---|
| Only talks about ethics (All Talk) | 56% |
| Talks about ethics and displays some key ethics actions (Talk & Some Action) | 28% |
| Talks about ethics and displays all key ethics actions (Walks the Talk) | 15% |

Source: Ethics Resource Center National Business Ethics Survey 2003

There's a lot of conversation about "tone at the top" coming out of Sarbanes-Oxley. Everyone agrees that top management needs to make clear to their people that they are committed to strong governance, accurate information, and ethical behavior.

But as the Chinese proverb so eloquently states, "Talk doesn't cook rice."

In a 2003 study of 1,503 companies, the Ethics Resource Center found that there was a direct and strong link between observed misconduct and the degree of ethics-related actions by top management. When talk dominated action, misconduct soared. But when top management walked the talk with their actions, misconduct plummeted.

So if you want to create a culture to encourage good people to make the right decisions in difficult situations, then the bathroom mirror is a good place to start.

## Where do you draw the line in your cultural sand?

**The same Ethics Resource Center survey documents a wide variety of misconduct being observed at work:**

| | |
|---|---|
| **21%:** | **Abusive or intimidating behavior toward employees** |
| **20%:** | **Misreporting actual time or hours worked** |
| **19%:** | **Lying to employees, customers, vendors, or the public** |
| **18%:** | **Withholding needed information from employees, customers, vendors or the public** |
| **13%:** | **Discriminating on the basis of race, color, gender, age, or similar categories** |
| **12%:** | **Stealing, theft, or fraud** |
| **11%:** | **Sexual harassment** |
| **5%:** | **Falsifying financial reports** |
| **4%:** | **Giving or accepting bribes, kickbacks, or inappropriate gifts** |

The numbers are startling. There are certainly more bad apples than the one in the proverbial barrel.

The questions concerned leaders should be asking themselves: "What about our culture is encouraging good people to do bad things?" and "How much of my behavior is contributing to that?"

# The “law of unintended consequences”

In 1968, Vermont outlawed roadside billboards in order to protect the state’s pastoral vistas. One unintended consequence was the appearance of large, bizarre “sculptures” adjacent to businesses. An auto dealer commissioned a twelve-foot, sixteen-ton gorilla, clutching a real Volkswagen Beetle. And a carpet store put up a nineteen-foot genie holding a rolled carpet as he emerged from a smoking teapot.[1]

Beware. The Law of Unintended Consequences is always at work. And Sarbanes-Oxley is no exception. The law puts a new wrinkle into some proven strategies – strategies like outsourcing, decentralization, mergers and acquisitions, and shared services.

Smart companies will be well-served to understand these wrinkles and build them into their decision making.

A collision between one of your key business strategies and an unexpected, unintended consequence can leave huge cracks in your business model that the capital markets will detect in a heartbeat.

So, while you’re figuring out the exact meaning of every requirement contained within the 11 parts and 66 sections of Sarbanes-Oxley, make sure you’re also asking the important questions that will keep you from running headlong into a nineteen-foot genie holding a smoking teapot.

1) Concise Encyclopedia of Economics

**Sarbox Tip No.4:** Use Sarbanes-Oxley to challenge the soundness of strategic givens.

## Caution

Sarbanes-Oxley raises new, unanticipated challenges to your business strategies and your business model. It's time to retest your strategic givens to make sure they are sound.

| | | |
|---|---|---|
| **Mergers & Acquisitions** | One of the dominant growth strategies over the past decade. But Sarbanes-Oxley has increased the cost of absorbing and integrating acquisitions. | **Should M&A continue to drive our growth strategy, or is it time to go organic?** |
| **Outsourcing** | One of the biggest management trends of the last five years has a new twist. Sarbanes-Oxley requires control and oversight beyond your four walls. | **Is this so big that we need to change our outsourcing strategy?**<br>**Not to mention our alliances, strategic supplier, and go-to-market partner strategies?** |
| **Decentralization** | The last twenty years have been marked by decentralization. Sarbanes-Oxley throws centralization back in the strategic consideration spotlight. | **Can we get where we need to be through standardization, or do we need to open up the centralization – decentralization debate?** |
| **Shared Services** | Some businesses embraced shared services. Others only took it so far. Sarbanes-Oxley has changed the benefit equation for shared services. | **Is it time for us to revisit our prior, current, and future commitment to shared services?** |

# Time out

**If you are not hearing these kinds of questions being asked in your boardroom, conference rooms, and hallways, it's probably time to start asking them yourself.**

**Section 302:**
**CEO & CFO Certification of SEC Filings**

Do our financial reports account for all customer sales, in keeping with all the rules for revenue recognition?

**Section 404:**
**Internal Control Reporting**

Are we confident the investment and strategic decisions we're making won't result in hidden infractions?

Are we comfortable that one of our field offices won't find a material error after we've provided information to the Street?

**Section 409:**
**Real-time Disclosure of Material Changes**

Do we have timely information when key contracts are signed within our offshore business units?

Are we comfortable that large investor groups have confidence in our ability to quickly disclose material events?

**Section 802:**
**Retention and Protection of Records**

How confident are we that all our front line employees know their responsibilities when it comes to record retention?

How confident are we that intra-company communication is consistent with our communications to the investment community?

**Section 806:**
**Whistle Blower Communications and Responses**

Does the culture of our company encourage or discourage the disclosure of bad news?

Do we have an environment that filters out bad information?

Do I personally encourage candor and straight talk?

Does the 360° review-process for executive evaluation measure our honesty and openness to bad news?

Do we have a whistle blower system in place?

# All aboard?

Many are concerned about the cost of Sarbanes-Oxley compliance, and who wouldn't be when you hear this kind of advice (recently dispensed by a Research Director at a well-known analyst firm):

"The Sarbanes-Oxley Act is giving CIOs of U.S.-headquartered public companies the opportunity to load up IT budgets with special interest line items. This is not necessarily a bad thing!…If Sarbanes-Oxley provides a means to get a budget to fortify infrastructure when spending is very tight, then the end justifies the means."

Now how are you supposed to control the cost of compliance, when analysts and salespeople the world over are telling your people to ride the Sarbox Gravy Train as fast and far as they can?

There are legitimate costs associated with compliance. Documentation, attestation, training, and software don't come cheap.

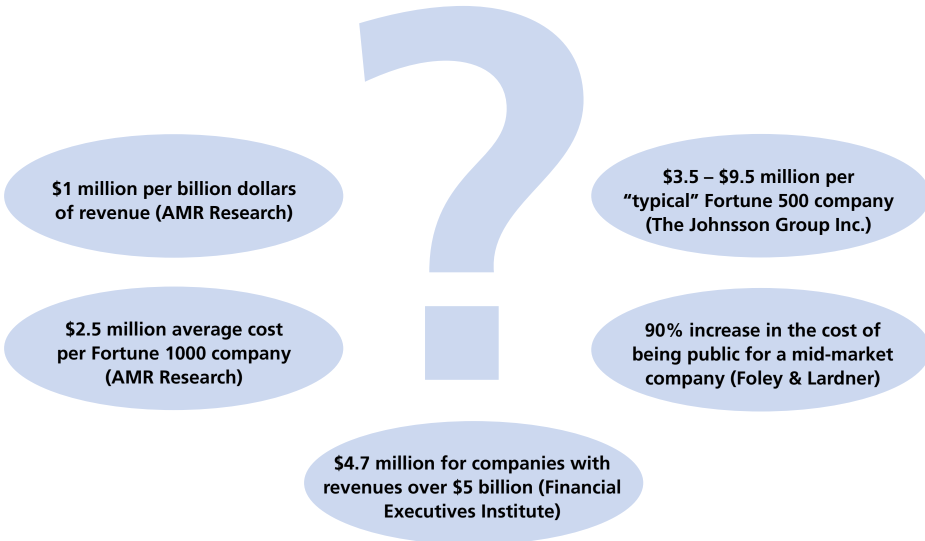
But, there should be some offsetting cost savings and performance improvements as well.

For example, in the process of compliance, you should wind up with fewer processes and a more standardized approach to financial control. You should be able to reduce duplication and eliminate some costs. You should get a clearer view of enterprise-wide data and a renewed ability to forecast events. And your overall organizational effectiveness should improve.

These kinds of performance improvements could have a positive effect on your bottom line, improve your shareholder value, and offset your cost of compliance.

So, in the end, the best way to ride the Sarbox Train is to double down – make those investments in compliance pay dividends in other ways.

**Sarbox Tip No.5:** Avoid the Sarbox Gravy Train by demanding more from your investments in compliance.




**How much should we expect to spend on compliance?**
That is the elusive question everyone seems to want an answer to. The two truthful, but unfortunate, answers are: 1) a lot, and 2) no one is sure.

Sarbanes-Oxley compliance is proving to be costly. There have been numerous studies done to estimate these costs. All of them show that the numbers are large and material. Unfortunately, beyond that, the results are varied and squishier than Sponge Bob.

The squishiness reflects the fact that there are many dependencies driving the costs: adequacy of current documentation and controls, current degree of centralization and standardization, talent and skills of existing staff… the list goes on.

All the more reason for you to demand more from your Sarbanes-Oxley investments. While compliance is a good reason to consider an investment, finding other benefits should be the reason for approving it.

# Risky business

As investors demand higher quality earnings, they are implicitly demanding that risks be removed from the earnings equation.
No more restatements. No more investigations.
No more surprises.

Many companies have responded to this demand by bulking up their executive team to include a new officer – a Chief Risk Officer. The position essentially didn't exist ten years ago. There are now nearly 300 CROs worldwide, a figure that is predicted to rise to 1,000 within the next two years.

Yet, simply creating the position and adding an executive to the ranks doesn't necessarily mean the risk problem has been tackled.
But it's a start.

In fact, some companies are hiring CROs into positions where they can't be effective. They are frequently hindered by lack of authority, lack of access to the Board, and lack of clarity around what defines success.

So before you send your headhunter out searching for a CRO, spend some extra time on the job specification. Take the time to get it right.

**Sarbox Tip No.6:** If you are going to hire a CRO, give her some teeth (and the freedom to bite).

**HELP WANTED**

Don't make the mistake of asking the CRO to manage earnings or share price volatility. This is impossible and leads to an "Earnings-at-all-Costs" mentality, which is fertile ground for unethical behavior.

Give a bonus for smart risk managment.

| JOB TITLE | CORP. OFFICER | DIVISION | Corporate |
|---|---|---|---|
| Chief Risk Officer | _X_ Yes ___ No | DEPARTMENT | Executive Office |
| LOCATION | _X_ Full-time | SALARY GRADE | 10 |
| Executive Suite, WHQ | ___ Part-time | SALARY RANGE | $250,000 - $350,000 |

**REPORTS TO:** CEO and dotted-line to Board of Directors

**PURPOSE/OBJECTIVE**

Grow investor confidence in the organization's ability to take and manage growth-minded risk and in its ability to minimize surprises.

**JOB DETAIL**

**Scope**

Develop and continuously improve our ability to identify, assess, mitigate and report on critical risks that may affect our assets and impede our ability to grow. Risks include credit, cultural, market, operational, property & liability, reputation, strategic, and compliance.

Don't forget. Cultural and reputational risks are often ignored.

**Responsibilities**

Define relevant, high-impact risks we face as an organization.

Assess preparedness to prevent, or quickly detect, or mitigate risks.

Determine where we most need to improve the way we manage risk.

Implement processes and systems across the organization that help assess and manage risk.

Build and communicate confidence in our state of preparedness.

Regularly monitor and report on those risks to the board and the investor/analyst community.

The CRO is not a cop whose role is to limit risk taking. He is somebody who helps others succeed by teaching them to predict, take, and manage risk in every decision, program or product.

**Reporting relationship**

Dual reporting to the Board and the CEO. The CRO will be on the agenda of every Board Meeting, and the Board will have the power to question him anytime.

Direct input into formulation of the performance metrics and compensation of our Chief Executives.

Dotted-line reports from every department.

Critical.

**KNOWLEDGE, SKILLS, AND ABILITIES REQUIRED**

*The ideal candidate will possess*

A minimum of 15-years industry experience.

Strong skills in leadership, organization, analysis, and communication

Deep familiarity with all aspects of risk management

Make sure he's not a corporate officer in name only; give him the authority of a real one (especially if you want him to evaluate those higher in the food chain).

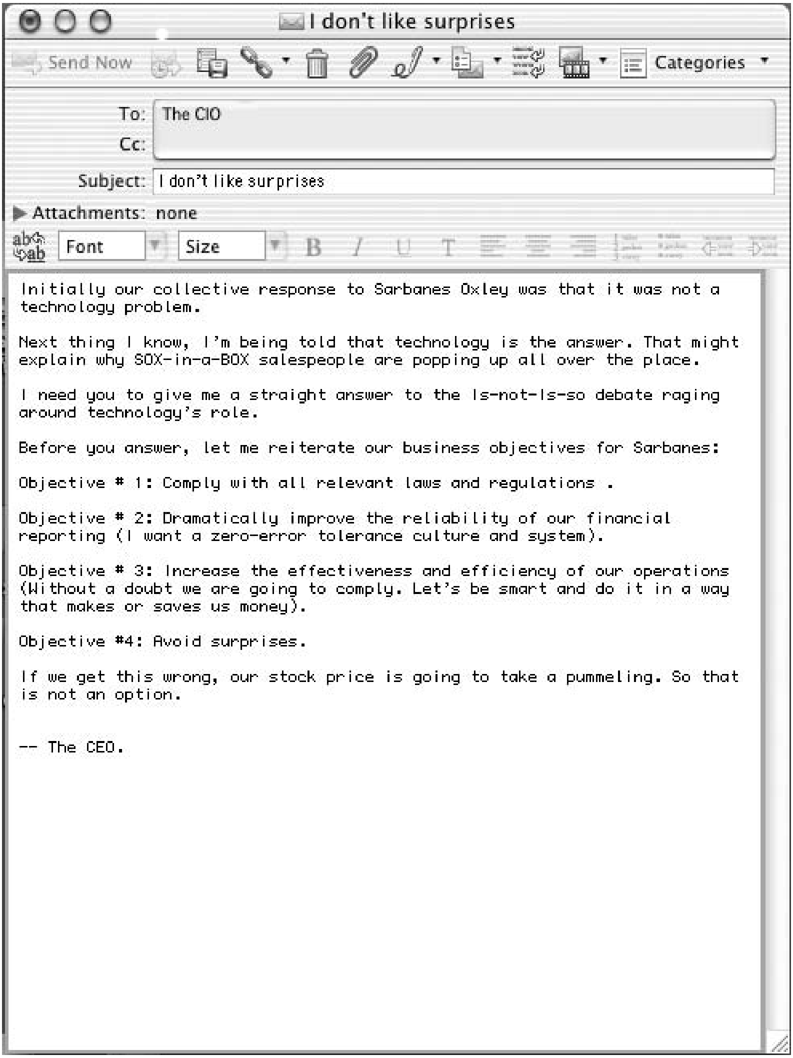
**FOR STAFFING USE ONLY**

Posting # Posting Date __|__|__

EEO Job Group

He'll need support from people in marketing (for new product risks), IT (for security and privacy risks), legal (for contractual risks) and audit/compliance (for reporting risks).

# You've got mail!



I don't like surprises

Send Now Categories

To: The CIO

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Subject: I don't like surprises

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Initially our collective response to Sarbanes Oxley was that it was not a technology problem.

Next thing I know, I'm being told that technology is the answer. That might explain why SOX-in-a-BOX salespeople are popping up all over the place.

I need you to give me a straight answer to the Is-not-Is-so debate raging around technology's role.

Before you answer, let me reiterate our business objectives for Sarbanes:

Objective # 1: Comply with all relevant laws and regulations .

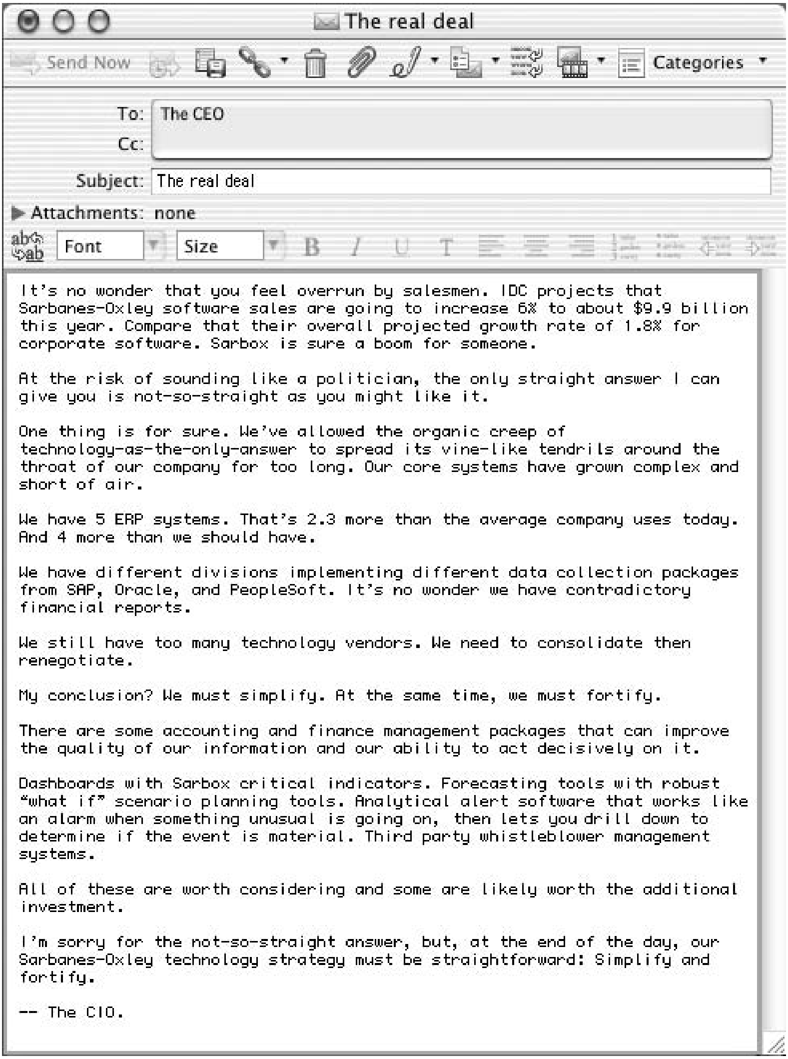
Objective # 2: Dramatically improve the reliability of our financial reporting (I want a zero-error tolerance culture and system).

Objective # 3: Increase the effectiveness and efficiency of our operations (Without a doubt we are going to comply. Let's be smart and do it in a way that makes or saves us money).

Objective #4: Avoid surprises.

If we get this wrong, our stock price is going to take a pummeling. So that is not an option.

-- The CEO.



The real deal

Send Now | Categories

To: The CEO

Cc:

Subject: The real deal

Attachments: none

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It's no wonder that you feel overrun by salesmen. IDC projects that Sarbanes-Oxley software sales are going to increase 6% to about $9.9 billion this year. Compare that their overall projected growth rate of 1.8% for corporate software. Sarbox is sure a boom for someone.

At the risk of sounding like a politician, the only straight answer I can give you is not-so-straight as you might like it.

One thing is for sure. We've allowed the organic creep of technology-as-the-only-answer to spread its vine-like tendrils around the throat of our company for too long. Our core systems have grown complex and short of air.

We have 5 ERP systems. That's 2.3 more than the average company uses today. And 4 more than we should have.

We have different divisions implementing different data collection packages from SAP, Oracle, and PeopleSoft. It's no wonder we have contradictory financial reports.

We still have too many technology vendors. We need to consolidate then renegotiate.

My conclusion? We must simplify. At the same time, we must fortify.

There are some accounting and finance management packages that can improve the quality of our information and our ability to act decisively on it.

Dashboards with Sarbox critical indicators. Forecasting tools with robust "what if" scenario planning tools. Analytical alert software that works like an alarm when something unusual is going on, then lets you drill down to determine if the event is material. Third party whistleblower management systems.

All of these are worth considering and some are likely worth the additional investment.

I'm sorry for the not-so-straight answer, but, at the end of the day, our Sarbanes-Oxley technology strategy must be straightforward: Simplify and fortify.

-- The CIO.

**Sarbox Tip No.7**: When it comes to technology, simplify.

# 40-headed CEOs, and other innovations in governance

Like all legislation, Sarbanes-Oxley is clear about penalties and consequences of breaking the law and abusing the market's trust.

It isn't, however, designed to tell you what governance changes will earn you the market's respect as a leader. Or, more importantly, what it will take to earn a coveted premium from today's investors.

But there are some great ideas out there. Smart companies are going beyond what's required by the law. Innovating new practices of their own. And they're already reaping some shareholder rewards.

MCI is mandating that its Board consist of entirely independent directors (including a non-executive chairman). And Tyco is encouraging better controls by having the CFOs of each unit report to a corporate CFO rather than the business unit presidents.

Sure, these companies are under different pressures than you. They *had* to make visible changes. But other companies are also setting new standards.

So what's your answer going to be when a stock analyst calls and says, "What can we tell shareholders that you've done to polish up on corporate governance?"

**Sarbox Tip No.8:** Pick benchmarks that the capital markets value.

| Company | Governance practice | How it works |
|---|---|---|
| **Delta** | Put a permanent end to weighty severance packages. | Severance packages that equal more than 2.99 times the sum of the executive's salary require shareholder approval. |
| **AutoZone** | Give shareholders real-time information. | AutoZone created something it calls the "40-headed CEO." Once a month the company's vice-presidents, senior vice-presidents, and CEO get in one room to review the previous month's financials. |
| **Pfizer** | Open the books inside the company and share accountability. | Pfizer created a corporate governance web site that is used to display all stock and option transactions in real time, so investors are privy to them almost immediately. |
| **GE** | Put the Board in touch with the company. | At GE, each director must visit two of GE's businesses a year without the presence of corporate management, so directors can have open exchanges with operating leadership. |

# Work on those abs

It is quite traditional at the end of a book to sum it all up, tell you what we told you, and tie a pretty bow on the package. So we won't. Instead consider what Don Tapscott and David Ticoll have to say in their new book, *The Naked Corporation*. We think they do a better job of summing it up than we ever could:

> "Customers can evaluate the worth of products and services at levels not possible before. Employees share formerly secret information about corporate strategy, management, and challenges. To collaborate effectively, companies and their business partners have no choice but to share intimate knowledge with one another. Powerful institutional investors today own or manage most wealth, and they are developing x-ray vision. Finally, in a world of instant communications, whistleblowers, inquisitive media, and googling, citizens and communities routinely put firms under the microscope.
>
> Corporations have no choice but to rethink their values and behaviors – for the better. If you're going to be naked, you'd better be buff!"

Tapscott, Don, Ticoll, David. The Naked Corporation. How the Age of Transparency Will Revolutionize Business, Free Press, 2003.

## Sarbox tips

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**No.1:** **Pursue the riches of good governance so you can avoid the consequences of poor governance.**

**No.2:** **Before you make up your mind on Sarbox, be open to changing it.**

**No.3:** **Fix your culture before the capital markets tell you it's a problem.**

**No.4:** **Use Sarbanes-Oxley to challenge the soundness of strategic givens.**

**No.5:** **Avoid the Sarbox Gravy Train by demanding more from your investments in compliance.**

**No.6:** **If you are going to hire a CRO, give her some teeth (and the freedom to bite).**

**No.7:** **When it comes to technology, simplify.**

**No.8:** **Pick benchmarks that the capital markets value.**

**No.9:** **Choose your prize – the potential low cost of minimalism or the potential high return of opportunism. Then go for it.**

**About this book**

*A Capital Idea* is the fifth in a series of books dedicated to giving you straightforward thinking on complex business issues. To request additional copies of this book, or to order previous books, go to: *www.deloitte.com/straighttalk*.

**To talk to us about Sarbanes-Oxley**

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