Investigative Business Reporting

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Sinclair Capital / IRRC Institute
1 April 2010
Introduction

- The world has changed
- 30 years ago: Socialism vs. Capitalism
- Today: Different paths, but less differences
  - US has partially nationalized banks
  - China has 49 billionaires
- Companies affect citizens everywhere
- Corporate governance often determines:
  - Who wins, who loses
  - Who is a good corporate citizen and who is not
  - Who has power.
Is Corporate Governance Newsworthy?

- Old view:
  - Boring (accounting standards)
  - Elitist (CEOs)
  - Hard-to-understand jargon (CDO, LIBOR)
  - Unrelated to the everyday (Can you envision $1 trillion?)

But the old saying applies:
There is no such thing as a boring story:
Only uninspired reporters.
Is Corporate Governance Newsworthy?

- New View: Fundamentally stories of essential human needs, wants, desires
  - Greed
  - Fear
  - Strength/Weakness
  - Legal/Criminal
  - Status
Is Corporate Governance Newsworthy?

- New View: Fundamentally stories of essential human needs, wants, desires
  - Particularly about power
    - Who has it?
      - Oligarchs?
      - Managers?
      - Investors?
      - Workers?
      - Banks?
Is Corporate Governance Newsworthy

- Larger than life personalities: Li Ka-Shing, Lakshmi Mittal, Carlos Slim, George Soros

**Business Reporters Need To Be Biographers**

- Personality-driven stories, as CEO’s, regulators, investors, workers collide/collude with each in search for power
Is Corporate Governance Newsworthy

Social issues:
- What does it mean when China has 49 billionaires? Hong Kong 28? Japan 23? Malaysia 8? Singapore 7? South Korea 10? Thailand 3?
- Or when a factory pollutes or puts out tainted food?

Business Reporters Need To Be Sociologists/Crusaders

- Wealth concentration
- Corporate responsibility
  - Unsafe products, pollution, corruption
Is Corporate Governance Newsworthy

- Geopolitical implications: Balances of trade, WTO, cross-border investments.

Business Reporters Need To Be Analysts

- In a globalizing world, what is Viet Nam’s economic role? How is it changing?
- Who wins? Who loses? How does it affect the average citizen?
Some Tools

- Long division. Make big numbers accessible
  - US Bank bailout was estimated at $2 trillion at one point. That’s just not comprehensible
    - “You, Mr. or Ms. American, just wrote a check for $6500 to Citibank, AIG and the others” is very understandable.
  - Enron, Worldcom scandals cost $250 billion
    - “To put that number in context, $250 billion could fund the budget for the United Kingdom’s entire defense, housing and environmental budgets, as well as fund the US Dept. of Homeland Security and NASA for a year, plus erase the entire budget deficit for Italy – with enough left over to fund the Vatican until the year 2193.”
Some Tools

- Listen.
  - Sometimes what a source says is important. But sometimes it is what is not said.

- Read the reports. Then ask what is not clear.
  - Enron reported many of its off-balance-sheet schemes, but no one asked for years...
Some Tools

- Pay attention to what doesn’t make sense
  - E.g. Le-Natures

- Report, report, report
  - Ask outside the company
    - Suppliers
    - Customers
    - Competitors
    - Regulators
    - Local community

But Remember To Take Into Account Their Particular Interests
Conclusion

- Corporate governance is often about:
  - Human contact and human conflict
  - Greed
  - Power
  - Fear
  - Cooperation
  - Intelligence and idiocy
  - Friendship and hostility
  - Selfishness and selflessness

- All played out against a background of wealth and influence while affecting society and the economy
Conclusion

“I saw an angel in the block of marble and I just chiseled 'til I set him free.”

-- Michelangelo, on sculpting the David
Conclusion

Corporate Governance has great stories, waiting to be told.

Sometimes, the people involved don’t want those stories told. They hide behind statistics and complexity.

Your job is not to create great stories, just to unveil the ones that are there. Hiding. Waiting.