

News

Workplace romance has plenty of admirers

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Boeing Co.'s decision to fire its chief executive over an office affair comes at a time when corporate taboos against workplace romances are easing.

Experts estimate as many as 50 percent of executives have dated someone from work, and most employers don't prohibit relationships where neither employee directly supervises the other.

Still, judgments about professional conduct, like matters of the heart, rarely are clear-cut. They become even more muddled when affairs involve high-profile figures such as Fortune 500 CEOs.

The Boeing board's decision to fire Harry Stonecipher touched a nerve in a society that struggles with issues of gender, power and fair play, and distrusts corporate intrusions into private lives.

Opinion is divided about whether the Chicago-based company's board did the right thing in asking for Stonecipher's resignation after investigating his relationship with a vice president in the company's Washington, D.C., office, Debra Peabody, 48, whom he met in January at a company retreat.

The married 68-year-old confirmed his affair when the board confronted him after receiving an anonymous tip from an employee who intercepted e-mail between the two.

Boeing said Stonecipher was not fired because he had an affair. The board said he violated Boeing's code of conduct, which states employees will not engage in activity that may cause embarrassment to the company.

The board's investigation concluded Stonecipher did not influence Peabody's career prospects or salary, which would have been unethical. Chairman Lewis Platt declined to be more specific about how Stonecipher's behavior crossed a line.

"You'll just have to accept the fact that as we looked into the relationship we felt there were certain details that if disclosed would cause embarrassment to the company," Platt said.

Many speculated the board scrambled to fire Stonecipher before the contents of his e-mail surfaced publicly.

"What we've got is a situation of profound confusion," said Freada Kapor Klein, a San Francisco-based consultant on discrimination and diversity issues. "I'm scratching my head and saying, 'What was the problematic behavior here? Was it his e-mail? Was it his affair?'"

Despite the board's insistence that his affair was not the issue, many concluded otherwise. Polls show a majority of Americans think extramarital affairs are wrong.

"He was married and had an affair with another executive," read one posting on the Chicago Tribune's message board. "When you're CEO, everyone is a direct report. . . . It's really a no-brainer for a large publicly traded company."

Yet boards historically have ignored top executives' dalliances with employees. Bendix Corp.'s William Agee kept his job after promoting his love interest and future wife, Mary Cunningham, although she was fired.

Enron Corp.'s Ken Lay married his secretary. Even alleged sexual harasser Milan Panic at ICN Pharmaceuticals Inc. stayed on the job while attorneys settled suits, including a paternity claim by a former employee who said she became pregnant after he demanded sex.

In the political arena, former President Bill Clinton's affair with White House intern Monica Lewinsky threw the country into political turmoil, yet he survived impeachment proceedings.

Stonecipher's firing suggests corporate figures are held to a higher standard in a post-Sarbanes-Oxley era where zealous boards want to avoid any hint of scandal--financial or personal.

"Five years ago, boards would fret and discuss," said executive recruiter **Peter Crist**. "Today they feel empowered."

Stonecipher's firing signals "a new day when boards no longer are sitting there as silent partners," said employment lawyer Bill Martucci of Shook, Hardy & Bacon LLP's Kansas City, Mo., office. "Boeing's example of thorough investigation followed by swift action will be cited in boardrooms as the new standard."

"We are in an era of zero tolerance, and that's not such a bad thing," said corporate watchdog Nell Minow of Washington, D.C.-based The Corporate Library.

Yet some fear the pendulum may be swinging too far.

"This rush to judgment carries with it significant risk," said Chicago attorney Laurel Bellows, who negotiates contracts and severance agreements for senior executives. "Boards are going to struggle in finding a proper balance between private and corporate conduct."

In Boeing's case, Stonecipher was brought in to restore the aerospace giant's reputation following defense contracting scandals, and the board said he was held to a higher standard.

"He drew a very bright line for all employees, let everyone know that even minor [ethics] violations would not be tolerated, and when one does that you have to live by the standard," Platt said.

Stonecipher agreed. "We set--hell, I set--a higher standard," he told a Wall Street Journal reporter last week. "I violated my own standards. I used poor judgment."

His wife, Joan, filed for divorce Thursday. "I am as blown away by this as everybody else," she said when the Tribune reached her by phone Friday at the couple's Florida home.

Few conclude Stonecipher's firing means consensual affairs are off limits. Instead, employers are forced to deal with them as a fact of working life.

"It's silly to prevent fraternization," said Ellen Bravo, lead trainer for sexual harassment for advocacy group 9 to 5, National Association of Working Women. "People will just resent you."

Instead, she said, employers should insist on professional behavior. "You could be in love with someone and be completely appropriate at work."

Even prohibitions against involvement between bosses and their direct reports are falling by the wayside, workplace experts say. Instead of making such liaisons firing offenses, companies increasingly are adopting written guidelines for disclosing relationships when they create conflicts of interest.

"Just a flat-out prohibition drives relationships underground," said employment lawyer Marcia Mahoney, special assistant to the provost at Northwestern University. "Employers who turn a blind eye to the fact that there are going to be romantic relationships between people who work together are missing an opportunity to give guidance on how to handle the situation when it does arise."

Klein, the consultant, recommends companies treat office affairs as situations in which employees' business judgment may clash with their emotional leanings.

"We recommend companies say, `We do not prohibit consensual relationships but we care about the work environment, we care about real and perceived conflicts of interest and anything that interferes with a meritocracy.'"

PHOTO (color): Boeing Co.'s firing of CEO Harry Stonecipher suggests that boards want no hint of a scandal. Getty Images photo by Larry W. Smith.

GRAPHIC (color): 88% of employees said they would consider dating a coworker. According to a 2003 ComPsych Corp. survey of more than 1,000 people.

68% of male 64% of female managers and executives say it is OK for employees to date.

An estimated 12% of companies have written policies on office dating, a majority of which prohibit bosses dating subordinates. According to a 2003 American Management Association survey of 391 executives.

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