

Building Trust

LEADING CEOs SPEAK OUT:
HOW THEY CREATE IT,
STRENGTHEN IT, AND SUSTAIN IT.



Rich DeVos

CO-FOUNDER AND FORMER PRESIDENT
AMWAY CORPORATION

*“We must always be straight about who we are and
what we do as a business.”*

– Rich DeVos

PUTTING THE HEART BACK INTO BUSINESS

One thing I've learned in my 77 years on earth is this: It's not how we handle the good days that determines how well we do in life. What matters most is how we handle the bad days.

There's no question that recent corporate scandals have given business a black eye. Some people have lost trust in corporations and their business leaders. You might say the last few years have been a "bad day" for business.

Perhaps.

Business does have work to do to regain the public's prior support. As an eternal optimist, I am convinced we will rise to this challenge.

I speak from personal experience. You might look at my life and conclude that I've had a few bad days of my own.

Right after World War II, I started a flying school with my life-long friend and business partner, Jay Van Andel. We thought it would take off, but it never did as well as we had expected. We got out of that business.

On a trip Jay and I took to South America we nearly went down with our leaky sailboat, which sank off the coast of Cuba. We survived that challenge and went on to visit several South American countries. We set up some businesses importing products from that region, but those ideas didn't pan out, either.

In 1959, when the two of us started the direct-selling company Amway, we were promoting small business ownership at a time when big business was king. We met a lot of resistance over the years—including a major FTC investigation, an international customs case and a series of media challenges. Often, it seemed we were swimming against the tide. Still, we persisted.

In the 1990s, I had a couple of major heart surgeries. And seven years ago, at age 71, I had a heart transplant. Waiting several months for the perfect donor, it looked like my life's end was near. But through God's grace, I ultimately received the heart of a 39-year-old woman, and today I have a new lease on life.

No human life is problem-free. But I've always tried my best to view problems as challenges and to never lose hope. I've always

believed that every challenge presents new opportunities—to learn, grow, gain strength or reach a higher goal.

So it's no surprise that I view the current mood toward business as an opportunity for us to get things back on track and show what's right about business.

Without question, the business world is different today. It is faster, more global and, in some ways, more complex than when I was a chief executive.

Despite these differences, I believe we can improve attitudes toward business, and there are some important lessons from the past that can assist us.

Specifically, I have five ideas that I believe will help business regain what has been lost in the wake of recent scandals. These echo the principles for business success articulated by Arthur Page many years ago.

HEART

First, one of the things I see missing in many corporations today is heart. We need to bring heart back into business.

Today, many CEOs and their management teams spend most of their time talking about “maximizing shareholder returns.”

Is that really the only purpose of business?

It's true that companies can't continue to serve customers, employees and neighbors if they don't make a reasonable profit.

But with so much time and energy concentrated today on beating the next quarterly earnings estimate by a penny, what happens to serving customers, motivating employees and helping neighbors? They become secondary, of course. And sometimes they become an afterthought. It's no wonder that Enron and others failed. They had their eye on the wrong ball. They needed more heart.

To rebuild public trust, many companies are revisiting their vision and mission statements. They are asking: Who are we—really? What do we stand for?

Those are great questions. And they are a great place for business to start its journey to restore trust.

If honest in their introspection, many companies will find that their visions on the wall plaques in far-flung hallways don't consistently match up with their actual business behaviors.

Some companies say they care about people. But it's evident to most that they put people below profits on their list of priorities—at least those priorities that are measured by their investment in time and attention. Their actions speak volumes more than their words.

Businesses make and distribute all kinds of things. But no matter what we make or distribute, we all exist to help others. That's why we're here. If we do it wisely and well, we will serve our stakeholders and provide them with a reasonable return, too.

Because people are the core of our business, our company has a simple yet profound vision statement—helping people live better lives. For our customers, we provide nutrition and beauty products, among others, that will help them feel and look better. For those who sell our products, we offer business opportunities that satisfy a wide range of personal and professional priorities and interests. For employees, we create opportunities to make a difference. For our neighbors, we share generously to improve the quality of community life.

We believe it's essential to be more than a corporation that simply makes or markets stuff. To remain viable, we know we must first improve the well-being of people around the world.

So you could say that we're a business with tremendous heart. We're not alone, of course. There's a heartbeat in every company—stronger in some than others, but there regardless. Together, we must find new and better ways to make passion and caring for others paramount. If we do that, shareholder returns will follow.

VALUES

My second observation is that in many ways, we've strayed too far from the basics. We need to go back to the values that we've put on paper, and then live and breathe them every day.

When we started Amway, my partner and I centered the business on some basic values, such as reward, recognition, family and hope.

These were crucial to our early success. And they remain instrumental to the success our business continues to have, 44 years later.

Our core values are simple, clear and concrete. People around the world, no matter what their background may be, understand them. They relate and aspire to these ideals.

Unlike “maximize shareholder returns,” our values mean something specific to everyday people.

We believe we need to inspire people, to infuse them with hope that they will have a better, more fulfilling future.

We believe people want to be financially rewarded when they sell products and when they help other people sell products. The more they achieve, the more they are rewarded.

Moreover, we believe people want to be recognized. To be told, “Good job” and thanked for their efforts, large and small. To be

supported even when they might fall short of their goals or make a mistake. It amazes me how many managers and leaders overlook this fundamental point, even today.

So this is a great time for businesses to revisit values and make them a centerpiece of their work going forward.

COMMUNICATIONS

My third observation is that people today are very smart. Thanks to the Internet, they have a world of information right at their fingertips. As a result of this, along with decades of consumer education, they can spot a corporate smoke screen miles away. So they want and expect clear, straightforward, open and interactive communications. They expect companies to respect them first. So we must always be straight about who we are and what we do as businesses.

We are not the only company, of course, that values communications excellence. Fortunately, that's the rule today—rather than the high-profile exception. But allow me to share a few brief examples simply to demonstrate my point.

Our board of directors sets expectations for ethical behavior, and these expectations are integrated in our performance criteria for employees. These expectations are based on values and principles that our two founding families first articulated decades ago. They remain relevant thanks to the efforts of the second generation of family members now on the board, as well as the fresh perspective of three non-family directors.

Our values underpin several internal tools, including a Code of Conduct for the more than 3 million independent business owners

(IBOs) comprising our global sales force. Though not employees, the actions of a single IBO can affect our entire reputation—good or bad. When IBOs are not willing to abide by our code, then they no longer can be affiliated with our organization. It's that simple.

Our corporate staff—including those in communications—act as a sort of conscience for the enterprise. With our corporate reputation uppermost on their minds, they monitor people and situations. With their help, decisions are made with the company's long-term interests in mind, and always based on our core values. In fact, it's common to sit in a meeting and hear people say we won't pursue a new revenue opportunity or acquire a company because it wouldn't fit with our values.

Openness in a corporate culture starts with listening. That's why our company leaders hold regular company-wide meetings with employees, along with special sessions where only our co-CEOs—with no corporate staff present—meet with employees from all areas of the company to hear their comments, suggestions and criticisms. There's follow-up on the action items, of course.

Our corporate Intranet features a feedback site where we post straightforward answers to employees' questions on any subject. We also have a videotape series in which our chief executives discuss our core values in practical ways that are “real” for all employees.

We pose some of the most obvious questions and answers about our businesses for anyone to see on the Internet. At our Web site (www.amway.com), for example, you can find the answers to direct questions like these:

- Why do Amway meetings appear to some people like a cult?
- Is it true that Amway endorses one religion?
- Is it true that you don't have to sell, just buy the products for yourself and recruit others to do the same?

All this is part of our commitment to clear, straightforward, open and highly interactive communications. We start by listening, and we keep communicating to build and keep trust.

FAITH

The fourth change I've observed over the years is that faith seems to get checked at the door when people arrive at work. Corporations are not unique in that regard; organizations throughout society seem to go out of their way sometimes to avoid discussions about faith.

As we were growing up, our role models—teachers, parents, neighbors and clergy—helped set society's expectations. They taught us to be honest...to tell the truth...to treat others as we would like to be treated.

Basic principles like honesty, integrity and accountability can be found at the core of many different faiths. They are common human values, resident in all types of societies and cultures.

As we consider ways to restore trust in business, I'm struck that many basic concepts and principles are already deeply ingrained in us through our faith experience. Faith-based morals are right there, yet often they remain buried beneath the surface in the workplace.

So why not admit the obvious? Many of the principles that guide our business behaviors trace back to our personal religious beliefs.

Instead of acting like faith has no place in the workplace, why don't we capitalize on it? Provided we respect important differences, why shouldn't faith be acknowledged in business?

Sometimes, people are surprised to hear a former CEO of a large, global company discuss the importance of spiritual things. But I'm here to tell you that faith matters at work, too. My faith is the foundation for everything in my life; it is my greatest asset. Absent faith, the universe—including work—would seem a meaningless place to me. Nothing would have the same sense of purpose or direction.

My point is that faith-based values and principles are good. Don't check them at the office door. Don't hide them under the desk. Don't deny their existence. Encourage employees to bring them to work, and to use them in their own way and style—especially when a moral or ethical dilemma arises. Business will prosper for it.

RESPECT

Over the years, I've thought long and hard about what constitutes a good leader and what particular qualities make her or him effective. I've concluded that respect for others is the most essential trait a leader must possess. So that's my fifth and final suggestion to help business restore trust.

People know when you value and respect them—and they know when you don't. You can't hide disrespect or a lack of respect. People sense your attitude instinctively, even if they don't put it into words.

Respect is reciprocal. What goes around comes around. If you want to be respected, you must respect others. The nuts and bolts of running a business or organization are important, but they are of little consequence if you don't respect the people with whom you work—your colleagues, your employees and your customers.

Our challenge is to be regarded as honest, inspiring leaders. If people don't respect us, then we are not complete leaders, and our businesses will not live up to their potential. Moreover, business will continue to be a dirty word. None of us wants that. It doesn't have to be that way.

CONCLUSION

At age 77, I still have much to learn. And though I may tend to oversimplify some points, I'm not naïve. I'm not suggesting that these five fundamental concepts—heart, values, communications, faith, respect—are the panacea for what ails business today. It's not that easy, of course.

Six years ago, doctors ran some tests and determined I needed a new heart. The diagnosis was the easy part. Finding a heart that matched my body, and then overcoming all sorts of fears and challenges once it was implanted in my chest, was the hard part.

As I look at business trust today, I admit it's much easier to diagnose the problem than to fix it.

But since I'm 77 and essentially retired, I'll delegate the important job of restoring trust in business to today's very capable leaders. They have the ability. And thanks to some of the high-profile failures, they now have the will. I have no doubt they will succeed, and business will resume its respected place in society.

Meantime, I would like to close by sharing one of my favorite quotations from Aldous Huxley: "Experience is not what happens to you; it is what you do with what happens to you."

The events of our lives flow and change. Nothing stays the same. Business has taken a beating lately—rightly so, in some cases. That’s happened to us. Now it’s time to do something about it.

I believe we can restore trust in business if we show more heart. If we remember our values and make them a regular part of our daily conduct. If we listen and communicate, and we acknowledge the existence of faith in the workplace. And even if we do none of that, which I certainly hope is not the case, if we just treat others with greater respect, then there is no doubt in my mind that business is going to earn new levels of trust and support.

I believe that with all my heart.

Rich DeVos

CO-FOUNDER AND FORMER PRESIDENT
AMWAY CORPORATION

In 1949, Rich DeVos and Jay Van Andel formed the Ja-Ri Corporation and began distributing products on a direct sales basis. In 1959, DeVos founded Amway Corporation with Van Andel and served as president until 1993. In 2000, Amway became one of four subsidiaries under a new parent company called Alticor Inc.

A renowned speaker, DeVos' recorded talk, "Selling America," received the Alexander Hamilton Award for Economic Education from the Freedom Foundation. He has written three books: BELIEVE!, Compassionate Capitalism and, most recently, Hope From My Heart: Ten Lessons for Life.

His civic service has included: Chairman, National Speakers Bureau, United Network for Organ Sharing, Council of Trustees, Freedom Foundation; Board Member and Founding Chairman, National Organization on Disability; Board of Trustees, Gerald R. Ford Foundation; Past Finance Chairman, Republican National Committee; and Past Member, Presidential Commission on AIDS.

His awards and achievements include: Inspiration Award, International Association for Organ Donation, American Spirit Award, Republican House and Senate; National Business Hall of Fame, Junior Achievement; Horatio Alger Award; Edison Award, American Marketing Association; William Booth Award, Salvation Army; Sales & Marketing Executives International Academy of Achievement Charter Inductee; Napoleon Hill Gold Medal Award for Free Enterprise Achievement; Direct Selling Association Hall of Fame Award; Thomas Jefferson Freedom of Speech Award, Kiwanis International; and American Enterprise Executive Award, National Management Association.

A native of Grand Rapids, Michigan, DeVos attended Calvin College and served in the U.S. Air Force from 1944 to 1946. He holds eleven honorary doctorate degrees from various colleges and universities across the country. DeVos owns the Orlando Magic, the National Basketball Association franchise, of which he is chairman.

ALTICOR INC.

Alticor Inc. is a global corporation offering products, business opportunities and manufacturing and logistics services in more than 80 countries and territories worldwide. Alticor is the parent company of:

- Amway Corp.—one of the world’s leading direct-selling brands;
- Quixtar Inc.—a leading e-business in North America; and
- Access Business Group LLC—a manufacturer and distributor of quality products worldwide for both Alticor and non-Alticor companies.

Headquartered in Ada, Michigan, Alticor has more than 11,000 employees worldwide. In addition, through its Amway and Quixtar business opportunities, Alticor helps more than 3.6 million people own and operate their own independent businesses.

Alticor companies focus on nutrition, wellness, beauty and home products and manufacturing and logistics services. Vitamins, food supplements and cosmetics are among the company’s leading global brands. Alticor’s company vision is “Helping people live better lives,” and its products and business opportunities focus on making a difference in the health, happiness and personal fulfillment of people around the world.

Alticor’s history dates back to 1959, when Jay Van Andel and Rich DeVos founded the direct-selling company Amway. Amway now operates in more than 80 countries and territories around the world. In 2000, Alticor was created as the parent company of Access Business Group, Amway, the Amway Grand Plaza Hotel and Quixtar. Alticor had sales of \$4.9 billion in the fiscal year ending August 31, 2003.

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