



INVESTOR ALERT

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Stakeholder Trendy

Being trendy is very important if one is in the fashion, design, or entertainment business. If an organization becomes too trendy in the way it is managed, it may be a sign that they are not adhering to good core values.

Whenever an organization is run with too much concern for certain groups of stakeholders at an unreasonable cost to other stakeholders that I call that organization being stakeholder trendy. I often see organizations doing window dressing when it comes to governance types of issues. Two examples: if ownership guidelines become a topic of discussion among investors and the company immediately reacts to install a set of weak ownership guidelines just to have that box "checked off" then the organization is being run on a stakeholder trendy basis.

If, as many organizations did, irrationally replace stock options with restricted stock that vests on a time basis, and there's no reason to suspect that they have retention problems to the organization is being trendy not thoughtful.

Stakeholder trendy organizations are into form over substance.

You can bet that they're wasting way too much time getting prepared for the dance instead of dancing.