

Do daredevil CEOs put firms at risk?

Investors nervous about risky hobbies

The death of a high-profile technology boss after his experimental plane crashed is raising fresh questions about whether firms should tell investors when a senior executive has a high-risk hobby.

Micron Technology chief executive Steve Appleton - a well-known daredevil who performed stunts at air shows when he wasn't scuba diving, surfing or racing off-road vehicles - crashed last week while he was out flying a self-assembled, single-engine plane.

The 51-year-old had been in charge of running a \$7.85 billion enterprise that employs more than 26,000 people. Micron shares fell 2.8 per cent on Monday, wiping nearly \$217 million off the company's market capitalisation, and Appleton's death has analysts wondering about the firm's future plans.

However, Appleton was far from the only corporate chieftain fond of risky pastimes. US Airways boss Doug Parker has run with the bulls in Pamplona. Google CEO Larry Page kiteboards.

Virgin Group mogul Sir Richard Branson has tried to set a number of world records including one for circling the planet in a balloon. Experts say Micron's current situation should be a lesson for other firms.

"It's very important that a public company CEO be candid with the stakeholder audience whether that's an investor or the people who he works with," said Hank Boerner, chairman of the Governance & Accountability Institute in the United States.

He said Micron had not mentioned in its annual reports that Appleton participated in such risky pastimes.

Boerner likened it to people seeking the presidency of the United States. By aspiring

to the office, they acknowledge that they must give up a certain amount of privacy and activities that could interfere with their ability to serve.

But could the risks actually lead to rewards for a company? A professor who has researched risk-taking by CEOs in their personal lives says there is strong evidence that they need such pursuits for their own good and the good of the company.

"When they tend to have adequate or proper outlets for that creativity, it adds value," said Matthew Cain, an assistant professor at the University of Notre Dame. "If you take this away from them it could push them into pursuing improper outlets for those urges," Cain said, suggesting that illicit sex, drugs or alcohol abuse could be possible substitutes.

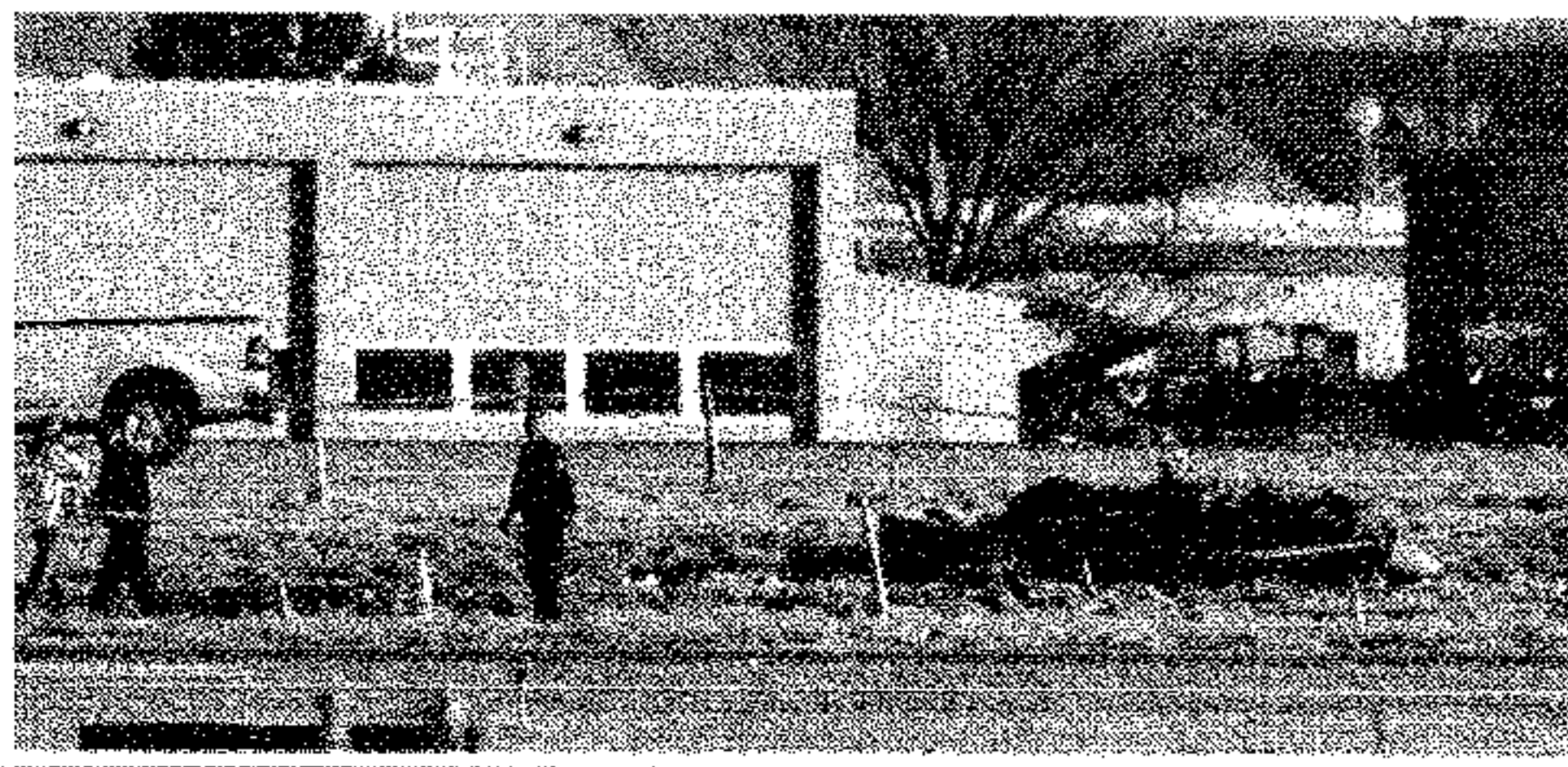
Cain said risk-takers tend to exhibit what psychologists call behavioural consistency. They act the same at work as on weekends. Many public companies carry what are called "key man" insurance policies on male or female top executives, though few acknowledge it.

Only 8.8 per cent of the companies said in filings that their key men were insured. On average, each of those policies was worth about \$3.85 million, but some were worth as much as

\$60 million each. Attorney Jeffrey

Kingsley said recreational activities generally are not considered when insurance companies are deciding what to include in a policy. "What the CEO or the officer does in their recreation time is far more of a grey area," he said.

Meanwhile, adventurous CEOs in the UAE can have their own play time when the event Big Boys Toys opens at the Atlantis Hotel in Dubai today, with toys ranging from luxury motor homes to offroad vehicles.



TRAGEDY: The wreckage of the plane piloted by Micron Technology boss Steve Appleton