



*Yours truly, at right, 20 years ago during the time I was working for David L. Sokol, then chief executive officer of Ogden Projects Inc.*

## Ex-boss – Buffett's possible successor – provides inspiration

Seeing my former boss in the news recently — upon his personal purchase of a 10 percent stake in a Virginia bank — brought back pleasant memories of working for this ethical, energetic and forward-looking man. More than that, the news reassured me that, even in this age of seemingly great corporate greed and disloyalty, rewards still come to those who conduct business responsibly and play by the rules.

David L. Sokol's continuing story of ethical triumph is inspirational and worth sharing. He is chairman of MidAmerican Energy Holdings Company and, as *Barron's* predicts, heir apparent to the helm of Warren E. Buffett's Berkshire Hathaway Inc. From the time we worked together in the 1980s to the present, Sokol has smashed corporate business-as-usual stereotypes by successfully balancing responsible corporate governance, environmental stewardship and fair investment returns.

"Today the company is number one in the nation among regulated utilities in ownership of wind capacity," Buffett explains in his annual letter earlier this year.

### Simple beginnings for both of us

Sokol and I first met in 1982 while he was a civil engineer with the firm of Henningson, Durham and Richardson Inc. (HDR) of Omaha, and I was a reporter for the then-daily *Haverhill Gazette*. We were both in our 20s and worked for companies from our respective hometowns. Sokol had set up shop in a dingy office above the Tap restaurant in Haverhill. He had come to work with HDR's client, Refuse Fuels Inc. (RFI), which then controlled an oil-fired power plant in Lawrence, Mass. It was also building on the banks of the Merrimack River in Haverhill a landfill and processing facility that would convert garbage into fuel for eventual burning in Lawrence.

I asked Sokol what he knew about a report of soot escaping from the stack of the Lawrence plant. He confirmed the story, explained the technical problem and pointed out the accident did not require state reporting, but that he did so as "a matter of good practice." ➔

*(Continued on back)*

**By Tim Coco**

## Readers choose online favorites

CEOs and marketers have weighed in on their favorite 2008-2009 COCO COnTact e-newsletter articles. A variety of advertising, public relations and marketing topics are covered each month.

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## Online Poll

### Is your boss ethical?



Answer anonymously at [www.cocoboston.com](http://www.cocoboston.com) and learn how others rank their superiors.

# Ex-boss – Buffett’s possible successor – provides inspiration

(Continued from front)

Over the next four years he had moved quickly but deservedly from engineer at HDR to CEO of Ogden Projects Inc., the waste-to-energy arm of the 50-year-old conglomerate, Ogden Corp. I had become a staff writer based at the *Daily News of Newburyport*, then part of Ottaway Newspapers, the local media group of Dow Jones & Co. Inc. Despite our different titles and employers, the topic of conversation had not changed.

RFI was insolvent because its collection of technologies was flawed. Sokol decided Ogden would bail it out in a maneuver that would have to balance stockholder interests against hefty spending — initially about \$264 million — to prevent a looming environmental disaster. RFI would have failed without deep pocketed intervention, leaving no funds to maintain the landfill or protect the Merrimack River.

## On the same payroll

At the end of 1987, Sokol hired me to assemble an internal community relations effort to gain resident understanding of the Haverhill project which had just been rejected by voters. The Haverhill effort, ultimately successful, became a prototype to sell the two dozen other power plants Ogden was proposing throughout the country. Three examples among many during this time cemented my view that Sokol is sensitive, honest and ethical.

I was now largely based in Fairfield, N.J., but frequently visited various plants. It became clear to me during several visits to a particular plant that the facility was emitting pollutants in excess of requirements. Plant operators told me the plume from the stack was merely water vapor, but they didn’t know I had learned to read control room meters. What was happening — in power plant lingo — were “opacity excursions.” Unable to gain compliance from local operators or

corporate department heads, I remembered Sokol’s “good practice” comment from years prior. Colleagues warned against approaching the CEO directly, but Sokol was grateful and solved the problem.

During one holiday season, Sokol gave me \$30,000 to distribute to local charities. There was one catch, however. He told me to resist my marketer’s urge to issue press releases or otherwise make any public mention of it.

Finally, after the Haverhill plant went online, neighbors reported annoying humming noises. It was suspected that altering the shape or angle of cooling fans might reduce noise. Acting haphazardly, however, might increase noises or help neighbors in one direction at the expense of residents in another. To gain residents’ trust, Sokol put \$50,000 in a citizen-controlled bank account and urged them to hire their own independent consultant whose advice the company would honor.

## Ending over-the-top perks

By 1991, Sokol and I had both moved on — he became CEO of San Francisco-based California Energy Co. and I opened COCO+CO. Whatever inspiration Sokol provided during the time we worked together would be far exceeded as we built new careers near the end of the millennium.

At CalEnergy, Sokol replaced founder and chairman Charles T. Condy who, according to *Business Week*, “spent nearly \$2.5 million a year on a Falcon 20 jet, a Bentley, and 15 other luxury cars for top executives.” Sokol sold the corporate jet, cut costs 40 percent and settled battles with other investors.

CalEnergy grew through acquisitions to become MidAmerican Energy Holdings Company in 1999. Today, the company is involved in generation facilities capable of producing more than 21,500 megawatts of electric power. “Approximately 24 percent of that power comes from noncarbon, renewable resources such as geothermal, wind and nuclear,” the company reports.

## Now, the bank goes to him

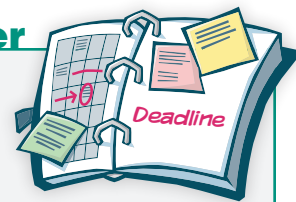
Recently, Middleburg Financial Corporation, owner of Middleburg Bank, entered into a stock purchase agreement in which it agreed to sell 454,545 shares of the bank’s common stock to Sokol for \$5 million. In a filing with the Securities and Exchange Commission, Middleburg said that despite being well capitalized, “the additional capital from Mr. Sokol will give it a number of options as it continues to work through the current economic cycle.”

Sokol recently wrote “Pleased But Not Satisfied,” a book outlining his principles. During these times of corporate excesses, greed and fraud, it is reassuring to know that success is still possible the old fashioned way — through hard labor and ethical conduct.

*Tim Coco is president and chief executive officer of COCO+CO, Inc. An earlier version of this story appeared online in the May, 2009 edition of COCO CONTACT.*

## Idea Center

### Rush, ring, relax



The idea may seem counter intuitive, but rushing your prospects is more likely than not to make the cash register ring. The relatively new science of behavioral economics confirms what marketers have always known: people need a deadline to act.

Businesses, on the other hand, mistakenly try to make supplies last by placing later deadlines on direct mailers and advertising.

“In an economic environment where shopping seems like a sin, this research provides clues that could help businesses attract customers,” writes Virginia Postrel in the May, 2009 issue of *The Atlantic*.

## Mission

COCO+CO’s mission is to help client partners *ethically* win market leadership and stakeholder respect by uniquely achieving a harmony of strategic and creative resources. Objective, experienced and audience-centered, the resulting public relations, advertising and marketing programs earn trust, respect and confidence. •

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