

GOOD COMPANY INDEX™  
SCORING METHODOLOGY

2011

Excerpted from Laurie Bassi, Ed Frauenheim, Dan McMurrer, with Larry Costello, *Good Company: Business Success in the Worthiness Era* (2011: Berrett-Koehler).

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## APPENDIX

### Good Company Index: Scoring and Sources

In calculating the Good Company Index Scores for the companies represented in this book, we used data from a variety of sources, which are listed at the end. (The most up-to-date information on the Good Company Index can be found at <http://www.goodcompanyindex.com>.)

In some categories, companies were ranked from high to low into *octiles*, or eighths, which were used to assign category scores that make up the Good Company Index ratings. For example, a company that falls in the top 12.5 percent (the equivalent of the top one-eighth of the overall distribution) would be in the first, or top, octile. A company that falls between 75 percent and 87.5 percent would be in the second octile, and so on.

#### Overall Good Company Grades and Corresponding Numerical Scores

A +	=	7 or higher	C+	=	1
A	=	6	C	=	0
A-	=	5	C-	=	-1
B+	=	4	D+	=	-2
B	=	3	D	=	-3
B-	=	2	F	=	-4 or lower

*Note:* data was not available for some categories for some companies; those cases were treated as zeroes for scoring purposes.

### GOOD EMPLOYER

In order to calculate a score for a given company, we begin by measuring how good an employer it is. Using companies that have at least 25 employee reviews as of April 2010, we get a starting number based on the octile into which a company falls in Glassdoor.com's overall ratings, relative to other Fortune 100 companies.

Octile	# of points assigned		
1st	2		
2nd	1		
3rd	0		
4th	0	Take the number assigned from table at left	→ ____
5th	0		
6th	0	If company is included on <i>Fortune's</i> 100	
7th	-1	Best Companies to Work For list, +1	+ ____
8th	-2	GOOD EMPLOYER score (maximum +2 total)	= ____

### GOOD SELLER

The GOOD SELLER score is calculated based on the octile into which a company falls (relative to the entire wRatings company database) in a custom rating calculated by wRatings using customer evaluations of *quality*, *fair price*, and *trust*.

Octile	# of points assigned		
1st	2		
2nd	1	Take the GOOD EMPLOYER score	→ ____
3rd	0		
4th	0	Take the number assigned from table	
5th	0	at left. This is the GOOD SELLER score	± ____
6th	0		
7th	-1	Combined scores of GOOD EMPLOYER	
8th	-2	and GOOD SELLER	= ____

### GOOD STEWARD

To calculate the GOOD STEWARD score, we used six different measures in four categories.

## Environment

Octile	# of points assigned		
1st	1	Take the combined scores of GOOD EMPLOYER and GOOD SELLER	→ ___
2nd	1		
3rd	0	Add/subtract points from Green Rankings table at left (as rated by <i>Newsweek</i> )	± ___
4th	0		
5th	0		
6th	0	If company is included in Dow Jones Sustainability Index, +1	+ ___
7th	-1		
8th	-1		
			= ___

## Penalties/Fines

If company paid fines between \$1 million and \$100 million, -1	- ___
If company paid fines of more than \$100 million, -2	- ___
	= ___

## Restraint

### CEO COMPENSATION

If its executive compensation is among the 5 highest on either the <i>New York Times</i> report or AFL-CIO database, -1	- ___
	= ___

### TAX HAVENS

If company had subsidiaries in any country with all 3 "tax haven/ financial privacy jurisdiction" criteria listed in the GAO's report, -1	- ___
	= ___

## Contribution

If company demonstrates the use of a core capability to contribute to society/community in some way, +1	+ ___
If company has a systematic process (as opposed to a one-time project) for using its core capability to make a contribution to society/community in some way, +1	+ ___

**Overall good company score** = \_\_\_

## Sources

### GOOD EMPLOYER

Compiled by authors, April 2010, from [www.glassdoor.com](http://www.glassdoor.com) and *Fortune's* 2010 list of 100 Best Companies to Work For

### GOOD SELLER

Custom rating (2008–2009 data) provided to authors by wRatings ([www.wratings.com](http://www.wratings.com))

### GOOD STEWARD

Environment [www.sustainability-index.com](http://www.sustainability-index.com), as of April 2010; and <http://greenrankings2009.newsweek.com>

Penalties and Fines Compiled by authors, 2010, through systematic review of 2005 to 2009 penalties and fines listed on U.S. Government agency Web resources plus review of major European Union fines/penalties during the same period.

Restraint: CEO Compensation *New York Times* report on executive compensation, April 2010, [http://projects.nytimes.com/executive\\_compensation](http://projects.nytimes.com/executive_compensation) and AFL-CIO executive compensation database, April 2010, [http://www.aflcio.org/corporate\\_watch/paywatch/ceou/database.cfm](http://www.aflcio.org/corporate_watch/paywatch/ceou/database.cfm) (Different methodologies used; each source had multiple missing data points.)

Restraint: Tax Havens U.S. Government Accountability Office, *International Taxation: Large U.S. Corporations and Federal Contractors with Subsidiaries Listed as Tax Havens or Financial Privacy Jurisdictions*, December 2008, <http://www.gao.gov/new.items/d09157.pdf>

Contribution Compiled by authors, 2010, based on (a) direct requests to companies for information on their activities, and (b) systematic review of available social responsibility (or similar) sections of their Web sites for relevant information