

CONGRATULATIONS!..... and CONDOLENCES?

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BBNC 2018 Compliance
Conference

November 5, 2018

Omni Amelia Island

Spoiler Alert

- Congratulations! – BBNC apparently has a good “culture”- what does that have to do with this ethics and compliance stuff?

(why does it matter?)

- Condolences? – maintaining a good “culture” takes a business process of “organizational ethics”

(condolences on the death of your culture if you aren't up to it)

- Business Process:

1. “Check the Box” won't cut it
2. Leadership's Responsibility

QUESTIONS AS WE GO !

What **is** Ethics?

“The set of shared attitudes, values, goals, and practices that characterizes an institution or organization”

* Merriam-Webster Dictionary

What is an **Ethical** Culture?

“...extent to which an organization **regards** its values. Strong ethical culture makes doing what is right a priority.”

* Ethical Culture Building, ERC (Ethics Resource Center)

Bristol Bay Native Corporation Values

1. Respect the people, land & natural resources that are the basis for our culture & the native way of life
 2. Responsibly manage natural resources, prioritizing the cultural & economic value of the Bristol Bay Fishery
 3. Responsibly manage financial resources, leading to a continuous source of dividends & benefits for our shareholders
 4. Maintain integrity & fairness in our dealings with all stakeholders
-

Organizational Values = your BRAND : who you are as an organization,
= your CULTURE





A cowboy wearing a hat and a dark jacket is riding a dark horse. He is carrying a small white calf in his arms and holding a glowing lantern in his right hand. The background is a misty, blue-toned landscape.

THE CODE OF THE WEST

Ten Principles to Live By

1. Live Each Day with Courage
2. Take Pride in Your Work
3. Always Finish What You Start
4. Do What Has to be Done
5. Be Tough, but Fair
6. When You Make a Promise, Keep it
7. Ride for the Brand
8. Talk Less and Say More
9. Remember that Some Things Aren't for Sale
10. Know Where to Draw the Line

From the book: Cowboy Ethics, text by James H. Owen, photography by David R. Sheehy

11/5/2018

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What an Ethical Culture Looks Like

Employees:

- Encouraged to **act** on values
- Values are clear, positive, and understandable
- Take ownership of the values
- Trust because they feel free to communicate, respond to situations, and share
- Act according to values **even when no one is looking**
- Are more secure to be **entrepreneurial** because they have a clear understanding of **how** to operate

“If you lose **dollars** for the firm by bad decisions, I will be understanding. If you lose **reputation** for the firm, I will be ruthless.”

- Warren Buffet

Business Benefits of Culture: Enhanced Business Performance

- Reputation/public image
- More stable and **consistent** reaction to ever changing rules/laws
- Recruitment
- Less disruptive workplace
- Find problems **more quickly** and solve them
- Can pursue business goals **more aggressively and creatively** because understand values and how to operate in a sustainable way

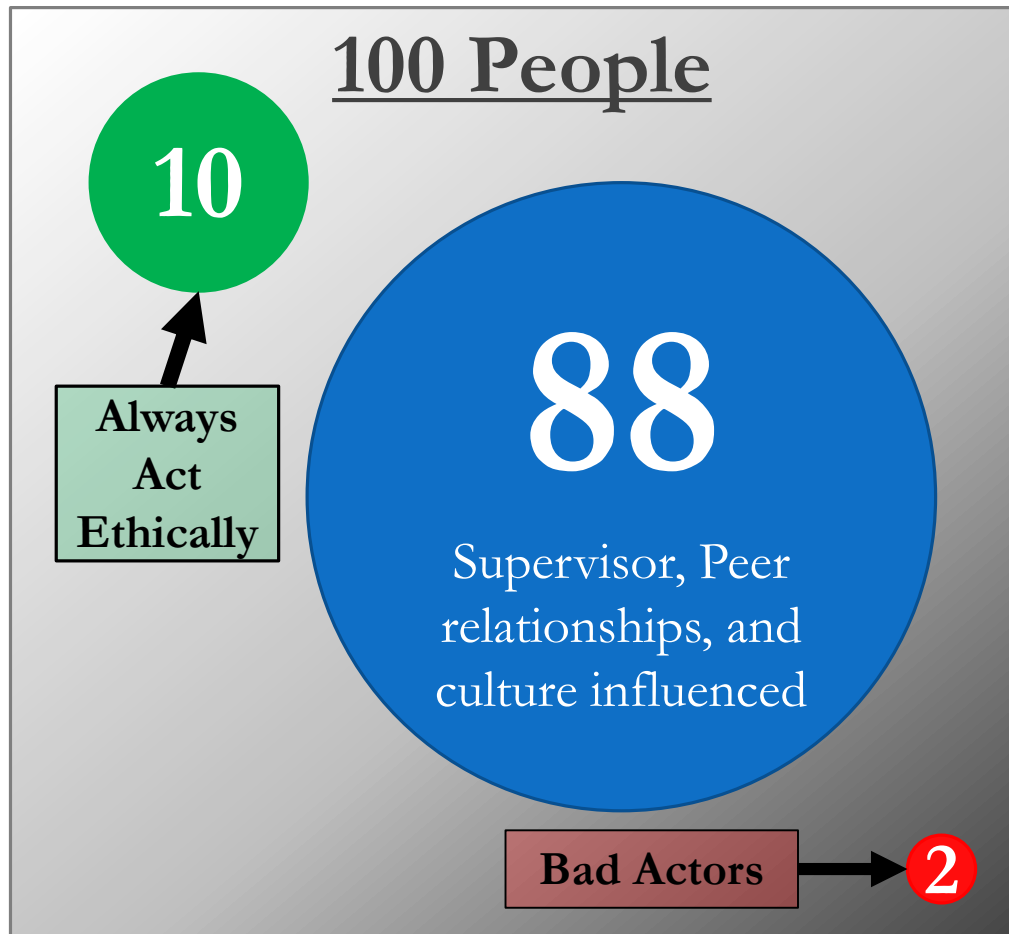
“Truth” Eventually Becomes Public

- Technology and the internet
- “Three people can keep a secret if two are dead”

-Benjamin Franklin / Enforced by Hell’s Angels

- Bad things will eventually be discovered
- Transparency as a practice in an ethical culture saves **time, money, and reputation**

Challenge: Humans & Herd Mentality



Sign of Future Organizational Problems

The Seven Signs of Ethical Collapse

Marianne M. Jennings, J.D.

Pressure to
maintain those
numbers

Fear & Silence

Young'uns & a
bigger than life
CEO

Weak Board

Conflicts

Innovation like
no other

Goodness in
some areas
atones for evil in
others

Current State of Ethics

56% of MBA students
acknowledged cheat

54% engineering

48% education

45% law school

- Professor Donald McCabe, Rutgers University

76% of employees in business have
observed a high level of
illegal/unethical conduct at work in
the last 12 months

- KPMG Organizational Integrity Survey

65% of employees don't report
violations

96% feared being accused of not
being team players

81% feared nothing would be done

68% feared retaliation

- Society of Human Resources Managers

High school students:

74% cheated on an exam

93% lied to parents

78% lied to teachers

37% would lie to get job

38% took something from a store

- Josephson Institute of Ethics

Sign of Future Corporate Problems

The leading indicator by a wide margin was
“culture of retaliation and discomfort in
speaking up.”

Reasons:

1. Fear of retaliation
2. Don't know where or how to report
3. Feel useless because nothing will be done

-Study on indicators of future problems for company,
Corporate Executive Board, Compliance & Ethics
Leadership Council, April 2007

How to Create and Maintain a Strong Ethical Culture

“It takes 20 years to build a reputation and five minutes to ruin it.”

- Warren Buffet

Management:

1. Understand, talk, and walk values & provide resources for program
2. Front-line supervisors key influencer
3. Daily messaging on values
Staff meetings, work scenarios, orientation, hiring
4. Create expectation of reporting issues/concerns
Transparency, no retaliation, publicize mistakes
5. Values metrics/goals on yearly evaluation
6. Value requirements for third parties (contractors/vendors/ others providing services)
7. Consistent discipline and rewards
8. Every activity, **even in crisis**, done with values of company
9. Every job description has requirement of maintaining values
10. No tolerance for disrespectful treatment of anyone
11. **Perceptions** of violations form culture as much as violations

Leadership Creates and Maintains Culture

- Active supervision by management including asking for reports and holding business leaders accountable
- Senior management must talk ethically, act ethically, and provide resources for program
- Front line supervisors (“mushy middle”) must act and message the values:

“A person’s individual moral framework is only the third most important factor in deciding what they’ll do. The most important is **what does their boss do**... second, they look at their **peers**...”

- Marshall Schminke,
Managerial Ethics: Moral
Management of People and Processes



Ethics & Compliance Program Elements

*** E&C is, in fact, a business process**



Corporate Compliance may help with the water supply...

...but YOU have to turn on the faucet

You're Not Alone

Where to go for help:

Compliance Department

Sara Peterson, Chief Compliance Officer (907) 265-7812

speterson@bbnc.net

Renee Wardlaw, Sr. Director of Corporate Compliance (907) 265-7853

rwardlaw@bbnc.net

Tami Babcock, Compliance Specialist (907) 265-7811

tbabcock@bbnc.net

Ethics Hotline – Anonymous reporting available 1-866-513-7078

BBNC Reporting Website: <http://bbnc.ethicaladvocate.com>