

Leadership Workshop: **SHOW ME!**

*“Actions speak louder than words
but not nearly as often”*

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BBNC Compliance Conference

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Omni Amelia Island

Agenda

- Leadership responsible for Ethics and Compliance process
- Support from Ethics and Compliance sources
- Business Process: The Wheel
- Workshop
 1. scenarios
 2. action plans

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**

Group Exercise: Scenarios

1. Divide into groups
2. Read the scenario
3. Is there an issue or issues?
4. Why or why not?
5. What steps would you take to handle the situation?

Scenario 1

- * A BBNC supervisor is very active on Facebook
- * His account is his personal account and does not reference BBNC employment; his topics run the gamut but they are increasingly political and socially charged
- * His posts are well written but convey controversial and often insensitive views; over the last month 16 employees filed concerns about these posts to the BBNC Reporting Website or called the Ethics Hotline
- * Earlier in the year his manager spoke to the supervisor about the posts but he refuses to remove the posts saying that he does this on his private time

Scenario 2

- * BBNC is closing on an acquisition and will be finalized in two weeks
- * It has come to your attention that there are concerns that the Ethics and Compliance program is less than stellar, and may very well be just a paper program. In addition the culture of the acquisition is different from BBNC and the location is far from BBNC headquarters
- * The acquisition has had only 3 ethics and compliance related concerns reported internally in the past 3 years; their ethics and compliance training consists of a 1 minute long off the shelf video on “being a good person” from 1994 which is viewed by employee on their first day

Scenario 3

*BBNC participates in many industry groups of Alaska Native organization and other relevant business groups related to BBNC's work

* Some of these industry groups recently published summary of actual and anticipated regulatory changes under the current administration noting the expected impact on the industry; specifically, certain Environmental, Health & Safety requirements have been relaxed

*Within days of this publication, 90% of BBNC's peers modified their publicly available approach to business, such that their revenue would increase by 7%

*Experts are estimating a significant impact to the health and safety of workers as a result of these changes as well as to the environmental quality in Bristol Bay and other properties of BBNC

Scenario 4

*As a manager you receive a surprise visit from a government official whose agency BBNC has a contract; the official makes it clear that all paperwork must be in order or he will have to delay the contract until the next inspection which is 4 weeks away

*During his visit the official notices that one of the safety certificates is missing despite it being successfully granted. Without the certificate, though, the contract will be stalled

*The official offers to issue a new certificate for a small fee

Scenario 5

*One of the purchasing department employees reporting to you receives gifts, entertainment and gratuities from some suppliers and third party contractors

* The employee feels that if he does not accept the gifts fro the suppliers and contractors, they will be insulted and therefore the relationship with them could be affected

Scenario 6

- * Three employees in the past year have asked to be transferred out of one of your direct report's group with no reason
- * There have been no reports to you or to the BBNC Hotline complaining about the supervisor
- * Two of the three employees have complained about what seem like small issues and you would be happy to have them go
- * You are not sure whether you should bother looking into why they are asking to transfer

Scenario 7

- * One of your employees contacts a former classmate who works at an inspection agency of the government to discuss certain regulations relevant to BBNC business
- * While meeting with official, he asks your employee if he can hire his brother who is very qualified; BBNC happens to need such a person
- * The employee takes the brother's resume and says he will do everything he can to get him hired

Group Exercise: Creating an Action Plan

Step 1: what BEHAVIOR do you want to encourage?

Step 2: what ACTIONS can you take to create or improve the behavior?

Step 3: who will be the PROJECT MANAGER for each action?

Step 4: project manager will determine what needs to be done to successfully take the action by determining who will be assigned each element, when it will be accomplished, what barriers exist, what success looks like, when evaluated for success

(an item from slide 3 will be assigned to each group from which to develop an action plan)

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

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

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