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SO YOU WANT TO DEVELOP AN ETHICS AND COMPLIANCE PROGRAM?

• Clarify appropriate and inappropriate behaviors

• Identify ethical dilemmas so employees easily recognize them

• Support Ethical Culture - Reinforce and codify core values
SO YOU WANT TO DEVELOP AN ETHICS AND COMPLIANCE PROGRAM?

• Provide decision support and guidance

• Avoid future consequences of bad actors and bad choices

• Reduce punitive liabilities in the event of misbehavior

• And on, and on...
WHERE DO I START?

• Show me some step by step guidelines!
  – Academic literature is lacking
  – Practitioner approaches are inconsistent

• Need an generalizable framework consistent across businesses
  – Develop a systematic approach
  – Apply universal principles
  – Consider federal sentencing guidelines
THE GENERIC VALUE CHAIN
IDENTIFYING WHAT THE COMPANY CARES ABOUT

1. Company Vision – What if the BHAG came true? Can you see it?

2. Company Mission – What do we do? Not do? What is the goal?

3. Perspectives on Values
   - Organizational Core Values – What does the organization care about?
   - Societal Core Values and Law – What does society care about?
   - Personal Core Values – What does the individual care about?
WHAT ACTIVITIES EXIST?

• Ethical dilemmas reside within activity sets

• Value Chain activities are composed of behaviors

• Some behaviors are consistent with values... others are inconsistent
IDENTIFYING ETHICAL DILEMMAS

4. Within each category of value chain activities, identify the key activities and behaviors
   - Tasks
   - Job Roles
   - Responsibilities

5. Apply the core values test
   - What situations of this activity could violate organizational core values, societal core values, law, or individually held core values.
   - Identify Ethical Dilemmas
FINALIZE THE ETHICS AND COMPLIANCE PROGRAM

• 6. Create the Code of Conduct
  – Describe Dilemmas
  – Identify Appropriate and Inappropriate behaviors
  – Fictional Scenarios (While working in procurement, Bob is asked to...)

• 7. Finalize the Ethics and Compliance Program Documents
  – Background, Mission, Vision, Core Values
  – Code of Conduct based on Value Chain Activities
  – FAQ sheet – Federal Sentencing Guidelines for an effective program
KEY TAKE AWAYS

- Benefits
- Challenges
- Next Steps
QUESTIONS !?!