

The CECO's Role In Recovery From An Organizational Ethics Breach



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WELCOME!

Please standby. Our webcast will begin shortly.

Speaker Introduction



Kathleen Edmond has spent the majority of her legal career in corporate ethics and compliance. As Chief Ethics Officer for a Fortune 100 company from 2004-2014, she built and subsequently led the company's Ethics Office.

Ms. Edmond is probably best known for her leading-edge communications initiatives in creating a connected, ethical culture within the organization that supported business strategy, vendor integrity, and customer engagement. She has won national awards for her innovative and exemplary leadership in her field, and her original use of social media in furthering a transparent, ethical business operation, is groundbreaking.

Prior to practicing law, Ms. Edmond earned a Master's of Business Administration with a concentration in Business Ethics, from the University of St. Thomas, and a Masters in Social Work from the University of Minnesota.

Speaker Introduction



Julie Moriarty leads product strategies for The Network's training and communications solutions. She has been helping companies create and maintain effective global ethics and compliance initiatives for more than 12 years.

Moriarty has spoken in the U.S. and internationally regarding methodologies for embedding company values into the global corporate culture and led teams that assist companies in implementing, managing and evaluating effectiveness of ethics and compliance programs.

Previously, **Moriarty** has been a strategic advisor regarding third-party due diligence and has held executive-level positions with responsibilities for delivering corporate integrity and training programs around the world.

RECOVERING FROM AN ORGANIZATIONAL ETHICS BREACH

THE CECO'S ROLE

MARCH 12, 2015
WEBINAR

ROBINS  KAPLAN_{LLP}

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THE CECO'S ROLE

- **Prevention (of course!)**

- Most of CECO work is focused on establishing effective controls, education
- Important work, but not the focus of our conversation today

- **Post-Event Choices**

- Execute a pre-determined plan?
- Wait and react to specific facts?
- Put on the blinders? Go forward and don't look back?

- **Pre & Post Responsibilities are **not** Mutually Exclusive**

PRE-EVENT

- After-event effectiveness rooted in pre-event **relationships & action**
- Understand the business
- Understand your organization's **culture** and risk tolerance
 - Learn how corporate culture is sustained, mended, repaired, rebuilt
- Arrange for **regular assessment** of ethics & compliance program
- **Set the tone** for difficult discussions now
 - Don't appear only with bad news
(Strike a balance between "Chicken Little" and smoothing things over prematurely)
 - If action needed, be thoughtful, balanced, ready with a possible solution
 - Learn to facilitate difficult discussions with respect and persistence

PRE-EVENT

- **Create a learning organization**

- Work through discomfort and angst in discussing missteps and mistakes
- Consider establishing criteria and forums for examining ethics failures

- **Relationships**

- CEO? GC? CFO? HR? CAE? – Solid working relationships with all
- Avoid personal relationships or feelings that might interfere with your judgment or objectivity
- Keep your detractors close and involved

THE EVENT

INVESTIGATION

- Have you previously vetted/engaged an **independent investigator**?
 - Do you have established criteria to determine when the investigation is conducted in-house?
- Which department should be **overseeing the investigation**?
- Coordination of interested internal departments & **communication**
- Rely on your established escalation criteria to **inform the board**

REMEDIATION

- Depending on the event, **CECO will be involved** to varying degree
- Did the **E&C controls work** as they should have?
 - Were there earlier red flags that were addressed or ignored?
- If disciplinary action is required based on personal behavior, should CECO have voice in outcome?
- Need to assure **non-retaliation toward whistleblower** or witnesses?

REBUILDING CULTURE

- Design specific efforts to **re-engage employees** in the organization's values
 - Trust will be damaged to greater or lesser extent
- Does the Ethics / Compliance Office **lead, follow, or partner** in this process?
 - Will vary by organization, but should always have a seat at the table
 - Clarify the roles of various culture stakeholders: HR, PR, CEO

POST-EVENT TRANSPARENCY

- Is post-event **transparency too risky**? Or should events be embraced as critical learning opportunities?
 - This topic is controversial, and reasonable minds disagree
- What do organization's constituents expect / demand?



POLL QUESTION #1

At your organization, do you publicize negative events as a **learning opportunity**?

- Yes
- No

POLL QUESTION - RESULTS

At your organization, do you publicize negative events as a **learning opportunity**?



DECIDING WHAT FITS YOUR ORGANIZATION

- Factors to consider:
 - Risk tolerance
 - How public was the event?
 - How much review is good; when does it cease to add value?

- What if your decision faces resistance?
 - Base your decision on pre-event patterns and shared values
 - Be prepared with pros/cons, timeframe, and purpose
 - Prepare Plan B to leverage learning and close out event

TWO CASE STUDIES

- The Lost Opportunity
- Learning From a Fraud

CLOSING THOUGHTS

If you don't actively participate in the conversation,
it will happen somewhere **without you**
– or it may **not happen at all.**

THANK YOU~



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Questions?



Q&A

Contact Us



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THANK YOU!



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Upcoming Events...



ON-DEMAND WEBCASTS

Corruption Risks in Brazil: Ensuring Compliance with FCPA & BCCA

Featuring Matteson Ellis

April 2nd @ 1:00 pm Eastern Time

EVENTS

Annual Ethics & Compliance Conference 2015 (Hosted by ECOA)

March 17th -- March 20th | **Visit us at booth 2 & 4!**

Corporate Compliance Exchange | San Francisco

March 26th -- 1:00 pm – 6:00 pm Pacific Time

Visit www.tnwinc.com/resources for more details...

Want to watch the full webcast?



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<https://www.tnwinc.com/12730/on-demand-webinar-cecos-role-in-recovery-from-an-organizational-ethics-breach/>