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First step to ethical culture is trust

During a culture assessment for a company that had recently fired some top execs for misconduct, I was surprised when the employees professed confidence in senior management's adherence to the code of conduct. After drilling down, what we found underscored



Boehme

the direct link between ethical culture, transparency, and trust. Consistently, employees mentioned that the way the bad news was disseminated, including the content of the message, was important. Here, small teams of senior management had met with employees to explain why the execs had been fired. Our conclusion: Management had reversed a culture of skepticism and distrust through this simple strategy.

Would the results have been the same if these sessions had been preceded by Legal (1) displaying a PowerPoint of "naughty words," (2) requiring each employee to sign a nondisclosure agreement, or (3) instructing that no notes be taken?¹ Answers: (1) No!, (2) NO!, and (3) Hell No!!

I learned a few broad takeaways that we can all put in our "ethical culture" files.

Takeaway #1: As the Dalai Lama has said: "A lack of transparency creates distrust and a deep sense of insecurity." Employees are the ultimate "truth detectors," masters at deriving and analyzing messages—spoken and unspoken—from "the top," quickly detecting the negatives: lack of transparency, lies, hypocrisy, or acts/words that contradict the organization's values. So every CECO worth their salt knows that a lack of transparency destroys trust and ethical culture. A critical part of the CECO's work is the development and nurturing of ethical culture.²

Is it then so hard to understand why Legal's instinct for secrecy and suppression can hijack Compliance's main mandate to seek, find, and fix problems? I'm lookin' at you, General Motors!³

Takeaway #2: Compliance is not a subset of Legal because... (drum roll) ... Legal and Compliance are *Different!!!!*⁴ Different mandates, different skillsets, different priorities, different subject matter expertise, different, *different, Different!!!!* Additionally, can we please stop talking about the "conflict of interest" that arises when Legal drives Compliance? Let's start calling it the "mandate conflict" that arises when one function tries to drive another function with *Different* mandates, priorities, and subject matter expertise.⁵

Takeaway #3: For the aforementioned reasons, DIY Compliance driven by Legal (Compliance 1.0) makes as much sense as DIY brain surgery performed by your pediatrician.⁶ This is why Compliance 1.0 has been discredited and abandoned.

In fact, dear EthiTweeps, let's hold those three Takeaways as the pre-read for my next column on the Rise of Compliance 2.0.⁷ Please standby. *

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