

KEYNOTE SPEECH – ETHICS

Dalhousie Business Ethics Case Competition Halifax, November 12, 2010

It really is an honour to be here tonight. In preparation for this speech, I consulted with a number of my colleagues, and we had some very interesting and insightful conversations. So I want to thank you for surfacing a topic that we often don't talk about.

The conference organizers have asked me to cover my personal journey, and to speak to personal and corporate ethics.

So let me begin by asking "Who here is unethical?" Raise your hands, please. Well, that's a short speech.

A colleague, who teaches Ethics, maintains that it is universal and timeless. He uses the example of slavery and suggests that slave-owners knew it was wrong, because they wouldn't want to be enslaved. "Do unto others, as you would have them do unto you." And there are similar adages in the writings of all religions. Or the Beatles, "1, 2, 3, 4, 5, 6, 7, all good children go to heaven."

So, the question is, "Why do good people sometimes do bad things?" It may be to take a short-cut, or it's just a little thing, or I won't get caught. I don't think that people set out to do bad things, if they think they're going to get caught. Picture being on the front page of your local newspaper. So the fear of getting caught helps keeps us in line.

But if we get away with something once and then again and then again, we may develop a feeling of entitlement and invincibility. Think of Conrad Black. Now he's a very smart man – just ask him. So what was he doing with those boxes? It's not like he was unfamiliar with the building and the cameras. He had worked there for years. What did he do – get up that morning and take the Stupid Pill?

I believe Ethics is about personal leadership. And as important as your business courses and case studies are, you can learn as much about leadership, both good and bad, from the lessons that are all around us, if you are observant and reflect on things.

So let me share my personal journey – how I got here tonight. It was by airplane, actually. In 1971, I graduated from high-school which had a student population of 1,200 and went to Trent University which at that time had a population of 1,800 students. I was at Trill, a college in the city that had about 350 students.

At Trent I had a great time, while doing my Honours in English Literature. I managed the bar, was on the College Council, the English Curriculum Committee, the Philosophy Society, the Creative Writing Workshop, Trent Radio,



wrote for the student newspaper, and edited the Student Handbook. I started our hockey team and in March we will be back for our 35th annual Alumni Hockey Weekend. And with my 2 buddies and our 3 dogs, the house we rented was party central. By the way, they both failed to get their degrees.

Believing that I was pursuing a career in academia, I went to McMaster on a Fellowship to do graduate work. But it was a very unsatisfying experience, so that was the end of that career path.

I moved back outside of Peterborough with my dog and girlfriend of the day, and then got a call to run a pilot youth training program. That resulted in being asked to come to Queen's Park and work on the program provincially. Although it probably was a bad fit being in a government bureaucracy, overall I had a great time and got to travel the province, meet many good people and learn a lot. I began as a Clerk and 15 years later was a Senior Manager. In 1990-92, I did the Executive MBA at the University of Toronto.

Around that time, the executive of my Ministry changed, and personal objectives overcame corporate objectives. There was cronyism and favouritism. Again, it was an unsatisfying experience, so at mid-career I did what no one else ever does and exchanged a regular paycheque and pension for being an entrepreneur. So that was the end of that career path.

For the last 19 years, I have been President of Diamond Management Institute. I run a virtual company and work with fantastic people. I have had highs and lows, like most entrepreneurs. But I have the luxury of only working with people that I like, and respect, and where we can learn from one another. We provide training and consulting services, mostly to the corporate sector. But I also deal with not-for-profits, sometimes pro bono and other times at a reduced per diem. I also like working with family businesses, because they can be so bizarre at times. I tend to stay away from government, because it drives me crazy.

One of our important programs, now in its 4th year, is through the College Student Alliance, where we deliver Leadership training to over 100 student leaders at Ontario's community colleges. Chris Carson was the Vice President at the Conestoga Student Association and now is here at Dalhousie, so he is to blame for me being here this evening.

Let me share a couple of situations with you from my business. I was referred to a company to deliver some training. I have a policy that recognizes a referral by paying commission. So for almost 10 years, every time I invoiced the company, I would e-mail a copy to the person who provided the referral and that would stimulate their invoice to me and out would go their commission cheque. Now, the interesting thing is that shortly after the initial referral, his contact in the company retired. So he would never have known when we were in there. I could have pocketed the commission and made a bit more money. But I see this face in the mirror every morning. It just felt like the right thing to do and it still does.



Now, not to think that I'm an angel. I had another situation, where someone said "Go fix those supervisors." I found that statement absolutely distainful, but I needed the business, so I didn't say anything. Was that unethical? I don't know. Maybe? Some colleagues have said that none of us would have any business. I don't know. The good news is that shortly after, that person was re-located to another geography and for 3 years we helped 120 managers and supervisors develop an arsenal of skills that improved their performance and made them more effective, and it took away a lot of pain from that workplace.

As I said earlier, leadership examples, good and bad, are all around us. Think of Bernie Madoff and the Wall Street terrorists who were just out for their personal gain and look at the havoc they created. Picture Rick Wagoner of General Motors flying in his private jet to Washington to ask for bail-out money. Then there's David Dingwall, a former Federal cabinet minister, who as head of a crown corporation, when being questioned by a parliamentary committee on expenses, replied quite indignantly that "I am entitled to my entitlements."

And then there's Dennis Kowalski, former CEO of Tyco, 10 years ago. Here's a guy making 10s of millions, if not 100s of millions dollars a year, who expensed a \$7,000 shower curtain. Now, I don't know what a \$7,000 shower curtain looks like or where you would buy one. But think about how the leader's personal unethical behaviour permeated that corporation. We can conclude that there was an absence of Board oversight, and that the concepts of stewardship and accountability were not part of the executive culture. And the outcome is that Tyco went bankrupt and Dennis Kowalski is still in jail.

It seems to me that if we want to create an ethical organization there are two different approaches. One is rules-based – it would be very prescriptive and would involve a lot of auditing and checking-up. You can imagine what that working environment would be like. The other approach is culture-based, and remember that ethics is derived from the Greek word "ethos" which means culture. So let me share two examples with you.

About 10 years ago, in a small Ontario town called Walkerton, e-coli got into the water supply and a number of people died and hundreds more got sick, some to this very day. The government called an inquiry, headed by Justice Dennis O'Connor. Part One of the Inquiry was to determine what went wrong – and it was gross mismanagement and incompetence. Part Two was to recommend what the world of water in Ontario should look like going forward. Although I had no background in water, I was recommended to be part of the team developing that final Issue Paper. I guess it was because of my background in government and business.

The last thing that was said to me as I was leaving the room was "Don't think of this from a regulatory perspective." I dutifully, and quite dumbly, nodded my head, wondering "What does that mean?" Driving back to Mississauga, I had an epiphany and it went like this. If I were the head of a water utility and we wanted to be the best we could be, what would it look like?



There would be a very competent, high-energy workforce. Lots of training. Involvement in industry associations. Peer reviews. 3rd party audits. We would publish our plans and reports. We would have open and robust consultations with the public and other stakeholders. And here's the key, because once you start consulting with stakeholders, you have to listen to what they say and be seen to be acting. So the consultation and transparency hold us honest and accountable.

I have a technology client who has spent a lot of time around their Values. They see Values as something that informs and inspires. There is ongoing conversation with employees about these Values. And when we conducted the employee survey, the Values were rated extremely highly and, not surprisingly, so was satisfaction. Even more, in an industry with a high turn-over rate, this company experiences about half the industry norm. Think of the savings in recruitment, training and lost time. This goes right to the bottom-line. So while some will argue that these things cost money, there is a strong argument to be made that it's really an extremely worthwhile investment.

A corporation is an entity created in law. It allows share capital to flow in and limits liabilities going out. The first sovereign corporation was the Hudson's Bay Company in 1670. In Canada, there have been corporations since the 1800s. As an interesting aside, it was less than 100 years ago that women were made "persons", when they got the vote. It seems to me that if we're going to give corporations certain rights, then it is reasonable to expect certain responsibilities in return that are more than just return to shareholders and executive compensation.

And we have it now with the new ISO 26000 Standards that were released by the International Office for Standardization on November 1st. The ISO 26000 Standards are about Corporate Social Responsibility and Sustainability – the triple bottom-line of Economic, Environmental and Social. These Standards incorporate ISO 9000, 14000, 18000, the Global Reporting Initiative and the reporting requirements under Sarbanes-Oxley. The Standards offer comprehensive guidance and also will enable organizations to develop integrated management systems.

So I want to challenge you about Ethics. I think it would be a useful exercise for you to write out your own personal ethics. It's harder than you may think. Keep this as your personal reference and refer to it from time to time. Consider such things as how much should a CEO make. To my mind there are some obscene compensation plans out there. Think about particular sectors like tobacco. Not because of the product which is legal, but because of the secretive and misleading culture that has gone on for decades. Think of agri-business and how pigs are raised and transported, for example.



Now here's something very important for you to consider. The Conference Board of Canada has determined that in just a few years there will be more people retiring from the labour force than entering it. This is happening across the developed world. This means that labour will be at a premium and that there will be a re-balancing of the power between employers and workers. Knowing your interest in sustainability, I'm sure that's something you'll be seeking.

Do you think that we're a poorer society then we were 50 years ago? So how come we could afford to build subways then, but not now? I'm very disappointed in my generation. We were idealistic and we were going to change the world. And then something happened. Buying hulking SUVs became more important than maintaining the infrastructure of our schools, public transportation and water. I don't endear myself to my friends when I talk about this. They tell me to go over there and have a drink.

So here's your challenge. As you enter the labour force, influence your organizations. Help them develop ethical standards and commit to Corporate Social Responsibility and Sustainability. It's up to you to make this happen.

Thank you and good evening.

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