

Having Authentic Conversations about Ethics in the Workplace

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Let me begin this afternoon with Mario's story. Mario Velazquez was the branch manager of Rockwell Automation's small sales branch in Colombia, in South America. In 2010, Mario was in the final stages of pursuit of a very significant order to provide equipment to a public works project in Bogota. This was going to be a huge sales win for Mario and his team and made the difference between making or missing their annual sales numbers.

As Mario was closing in on the big order, the customer asked him to have a meeting with the consultant on the project. The consultant told Mario that he could guarantee that Rockwell would win the project, but that Mario needed to pay him a modest amount of money to get it. Mario closed his briefcase, walked out of the meeting, went back to his office and called his manager. They together got on the phone with our counsel for Latin America and reported what had happened.

Needless to say, Mario didn't get the order. So, what happened to Mario? Was he in trouble for missing his sales goal? No. He was, instead, nominated for our company's Global Compliance Champion Award. And after a committee process, he was selected as the winner of that award. The award was presented to him at one of our quarterly management meetings. He got his picture taken with the CEO and got a nice dinner courtesy of our global sales leader. The following year, he was promoted, so he is now Regional Sales Manager covering five countries.

But the story doesn't end there with Mario doing what's right. What happened if Mario had paid that bribe? Usually we don't have any idea, but in this case we have a pretty good idea of what would have happened. You see, a couple of months later, we read in a newspaper that the mayor of Bogota had been arrested on suspicion of corruption charges. The accusation was that he accepted bribes in exchange for awarding public works contracts. He faces a prison term and several businessmen have also been jailed. These are businessmen who were doing business with the city on public works projects, and they have said that the mayor demanded money from them in exchange for contracts.

What made Mario decide to do the right thing? Why did he walk away from that order? In a world where bribery and corruption are rampant, what makes business people choose integrity? Those are the questions that I hope to speak about briefly today.

A bit more context about my company. Rockwell Automation is a big company, but not a huge company. We have about six billion dollars in annual sales and employ about 22,000 people. We sell equipment and services that make factories more efficient, more productive, and more

sustainable. We basically reduce waste and help people manufacture more with less. As a result, we're growing in places where manufacturing is on fire and we have lots of opportunities in places like China, India, Brazil, and Mexico. You're going to meet later today someone who is with Transparency International, and she can give you a sense of how some of those countries are doing on the corruption scale. Let's put it this way, they are challenges. We also do business in Russia, the Middle East, Eastern Europe, even Italy is a problem, but unethical conduct isn't limited to emerging markets. We have plenty of issues in North America, in Canada, the United States, Western Europe, and so forth. No part of the world has cornered the market for corruption. In fact, our largest competitors, Siemens and ABB have been repeatedly caught engaged in corruption in Western Europe. It can happen anywhere.

My company doesn't have all the answers, but I am happy to report that we have developed a situation where we think ethics and integrity are part of our culture, our organizational DNA. They are part of who we think we are and who our employees think we are. As external validation, John mentioned some of the awards we've won. I have the pleasure of going tonight to Washington, DC, where we will receive the Better Business Bureau International Torch Award. And we have won a bunch of other awards. What I find most interesting is that when we survey our employees, 99% of them say they know how to contact our company ombudsman. We've worked very hard on that statistic. A second statistic we've worked very hard on is the percentage of employees who feel comfortable reporting wrongdoing within the company, 98.7% according to our latest survey.

So, what do we get from that? We get the chance that an employee will tell us instead of becoming a whistle blower. It will allow us to nip that problem in the bud and deal with it. We are very pleased with that. We will never be finished with our work and we can never rest on our laurels. We're only one bad apple away from a scandal or a bad headline, but I do hope to share some thoughts about how we got to where we are today.

I'm not going to cover the waterfront of an effective compliance program. You know what many of those elements are. Things like leadership and tone at the top, training and awareness, connecting integrity into regular business processes and business operations, going beyond what the law requires, having audits and controls and systems that allow you to detect things essentially constituting your early warning system, having a reliable and confidential way for people to report wrongdoing, and aligning ethics with compensation so that the right behaviors are rewarded and recognized. That's all a part of it. Today, I'm just going to focus on the issue of awareness and training and their meta issue, which is culture. I am going to suggest three rules or three ideas to make training and awareness activities more effective. To make what we are trying to discuss with our employees stick so that the organization is having genuine conversations about ethics, compliance and integrity, and fostering true understanding and true acceptance of those values within the organization. Three things: make it personal, make it relevant, and make it a team sport.

In terms of making it personal, I believe that all leadership is personal. And I believe that stories by leaders are very powerful. So we encourage our managers to talk about ethics in their own way and in their own words. We consciously decline to give them a script. We do give them some examples and some ideas, but we tell them there is really no right way to talk about ethics with their people. For us, it's the fact that they are having the conversation in terms that they're comfortable having it that makes the difference. Some people want to talk about this in terms of how mama raised me and the way my family and my church inculcated values in me. That's great. We've heard Herb's story about his father, the attorney. Other people want to talk about

it in terms of business imperatives and business reputation. Other people want to talk about it in terms of how bad it would look in the newspaper if we had an ethical lapse.

As far as I'm concerned, none of those are wrong. In fact, what matters is that people talk about this in a way that they're comfortable with. We find that the best conversations relate to difficult situations that the manager, him or herself, has faced in their business career. They talk about some dilemma they faced and how they dealt with it and how it ended up, how it came out, how they made choices. Even if the story is just about a situation where the person was unsure of what to do and had to get some advice, that's good. They can talk about a situation when they had to deliver bad news to their boss and they can talk about both how they developed the courage to tell the truth, but how it turned out okay. By making it personal, you make the whole conversation more interesting and people lean in. People lean in to conversations that are personal. They want to learn more and hopefully they will respond by sharing their own experiences and their own personal takes on ethics issues that they face at the office.

Making it personal avoids the culture clash that can happen if some corporate guy in Milwaukee scripts the ethics conversation for the line manager in India. I might put it in words that are wrong for the Indian culture or the Latin American culture or the Chinese culture, even the European culture. We all have our cultural limitations in the way that we process issues. But if we get the local manager talking about these issues in their own terms, then we are significantly less likely to have that culture clash. I don't know how to talk to someone who grew up in a police state about how to call the ombudsman because that's not part of my experience. I was taught that policemen were those nice guys on the corner who you went up to and said hello – not that the police were the kind of people who took away your relatives in the middle of the night. So, I can't relate to that. But my managers in China can relate to that and my managers in Russia can relate to that and they could put this in terms that matter for their employees.

So we require every manager in our company, as one of our manager goals every year, to talk about ethics and we include that in those measurements. We test that by surveying our employees at the end of the year. We ask them, "Did your manager talk to you directly about ethics in the last year?" Our latest survey has that at 86%. We want to get that number higher but when we started five years ago, it was at 50%. So we've made some progress. We also require each manager to discuss ethics with all their new hires on the first day that they work at Rockwell Automation. And again, we don't script them and we ask them to do it in their own terms.

Ethics conversations that are personal, in my opinion, foster better engagement in the discussion and make it more likely that there will be understanding.

My second idea is to make it relevant. Actual business situations that your company or your competitors have faced are the best. And let's face it, the problems your competitors have gotten into are the best. People love talking about their competitors' foibles, right? It's human nature. This is the whole premise of daytime T.V. to talk about someone else's problems and examine it and, "Oh, isn't that awful?" To wallow in someone else's problems. It gives you a great, easy opportunity to talk about ethics. In the university world, you have one of those golden opportunities right now with what happened at Penn State. Talk about another university's problems.

For that same reason, stories of situations that have actually arisen in your business are ideal. And make it specific to the particular function. If you're talking to finance people, you need to talk about a finance example. If you're talking to engineers, you need to talk about a product

example. If you're talking to HR professionals, you need to talk about an employee behavior or discrimination example. We offer our managers toolkits that are specific to their function with some examples and hypotheticals that apply to their function so that they can have better conversations about what matters to the people that they're engaged with. If you want the conversation to be authentic, it has to be relevant to the audience and there are few companies that have crosscutting ethical issues that apply to everybody. So, ask your people what ethics issues they are struggling with.

I learned a lot one day when I was standing in front of a group of plant managers and I said, "You know, we do this ethics training every year and we have all these questions about sales, and does any of that apply to your people?" And they said, "Well, no." And I said, "Well, what applies?" And we got out one of those big pieces of paper. We made a list of 8 or 10 things that apply in a plant setting. And now we're able to target our messaging, our training and so forth to issues and questions that are relevant in the plant setting. The point is that if you have relevant subjects, you can get people talking. Again, the more interactive the discussion is, the more relevant it's likely to seem. We heard from our speaker last night about developing the muscle memory of how to talk about these issues. And I do believe that having the discussion focus on things that are relevant, that people want to talk about, is part of that learning. Relevance is essential.

My third point is to make it a team sport. If you involve everyone, you're much more likely to have a clear message about the importance of ethics and integrity as part of the company's self image. If every major interaction that an employee has with the leader of the company involves some reference to ethics, sooner or later that becomes expected. It becomes who we are. It becomes what we're about. Obviously, tone at the top is key, but it can be undermined without tone in the middle. If our CEO is a great guy and everyone thinks he's ethical and he talks about it, but if my manager really just wants me to get through that ethics training as fast as possible, says that this is the mandatory ethics training that "corporate" puts us through, and get it done fast so you can get back to work, then we've just undone most of the good that was associated with that ethics training.

These are very human issues. I believe that a company, in order to set the right tone, needs to personalize the leaders who are sending the ethics message. So we have gone to great lengths to try to personalize our CEO, someone that our employees feel like, "Oh, I know that guy. I know what he's about." And we've done the same with our company ombudsman. Years ago, the ombudsman was like this mythical beast, the ombudsman with the capital 'O.' Well, now the ombudsman is Marc. Everyone knows Marc. Everyone knows his picture. He does video clips that are shared with the employees and as I'll tell you in a minute, he's our most prolific blogger. I believe there's a big role for HR in this whole process and I want to encourage any of you who are engaged in these issues to make HR your partner.

Let me tell you a story about how we even went so far as to personalize our in-house lawyers. There are lawyers who get a bad rep. You know, we're long winded, we're boring, we're rigid. You know, whatever we are. But we decided to tackle some of that, so we started a blog within our company. We started the blog about 18 months ago and we specifically helped our ombudsman become our most prolific blogger. His dozens of blog posts include things like his top 10 favorite songs about the law, scenes from movies that remind him of things that he has encountered as the company's ombudsman, the top 10 bizarre things people have done to get themselves fired. That's a really big, a really big hit. When I left on Friday, he was on number 2 and sometime today, number 1 is going to be revealed. I can't wait to hear what it is.

But, you know, we had people talking about issues in very personal ways. One of our lawyers started this series called Cocktail Party Lawyer, which is the questions lawyers get asked at cocktail parties. So like, “I think I’m going to get a divorce. How do I pick a lawyer?” or “Do I need a will?” or “I’ve got a trampoline in my backyard. If some kid cracks his head open, am I going to get sued?” That’s been a lot of fun. Our blog has gotten over 300,000 hits and remember we only have 22,000 employees. So, talk about access that our legal department has had to our rank and file population. Hopefully someday, in a parallel universe, they’ll view us as real human beings.

The team has to include people that employees can actually relate to and certainly, the impersonal ethics police from “Corporate” are going to be less effective. And when you involve many, many people in this message, it’s that collective sense that gives us a culture of integrity.

If you make it personal, you make it relevant, and you make it a team sport, I think you’ll be well on your way to creating a culture of integrity. As an aside, you’ll note that I didn’t say come up with some really slick PowerPoints or hire actors to do video clips of ethical vignettes. I actually like that stuff, but it’s so much less important than the consistency of the messaging, the genuineness of the conversations, the ability of the managers to actually engage in the conversation instead of just stand up and put on the video and say, “Does anyone have any questions?” Our goal is to get the managers and the employees engaged, not to entertain them.

Where does this end? In my view, it doesn’t. I think leading organizations are continually reinforcing. They test how they’re doing. They re-calibrate. They re-test. They follow up. It takes a long time to convince an organization that you’re serious about this, because people are subject to so many conflicting influences. There are plenty of influences in our society that will tell you that institutions are bad. That companies do bad things. We’re fighting against all that with our own employees, so it takes a lot of reinforcement. I think it helps to celebrate success. All this recognition we’ve got, in my view, isn’t about us feeling good. It’s about our employees actually saying, “Well gosh, this must really be what Rockwell Automation is about. They keep being recognized for it.”

Nothing makes me happier than to be traveling on business in Brazil or Mexico or India and have some employee who I’ve never met before rush across the room to introduce themselves to me and say, “I’m so glad to meet you. I love working here because we do clean business at this company.” That’s an indication that you’re winning people over in their hearts and minds. To that person, the clean culture makes it a great place to work.

Culture is a differentiator. Culture is a competitive advantage. Mario lost that order, but in the end, he’s a winner. So, we settle on a very simple idea here, which is just to get the conversation going on your own terms, in your own way, not following a script. Silent demonstrations of integrity, I believe, are very important, but they don’t get you there, again, because there are so many reasons why people will doubt whether the organization truly believes in integrity. So, start the conversation, make it personal, make it relevant, and make it a team sport.