The New Normal: An Ethical Revolution in Business

Is this the dawning of the Age of Integrity?

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## About the Authors

How can we go beyond mere compliance to enhanced employee engagement? How do we help an entire workforce live the mission, vision and values? How can we connect business performance to our values and ethics? These are questions that led Philip Winterburn and his co-founders, to launch Convercent, the world’s first Ethics Cloud platform. As Convercent’s Chief Product Officer, Philip was responsible for making that vision a reality, drawing on his technology expertise to lead the construction of Convercent’s innovative solutions from the ground up. Now as Convercent’s Global Strategy Officer, Philip is responsible for continuing Convercent’s record of innovation, looking to the future, partnering with our clients, technology partners and compliance visionaries, to build a world where everyone has a voice that is heard, where ethical behaviour is the norm, and high performance organizations capitalize on their unique and valuable people. Philip can be contacted at Philip.Winterburn@convercent.com.

Jane Mitchell’s career began at the BBC in London, which she escaped to produce award-winning corporate films and then developed ground breaking employee engagement programmes. She has been JL&M since 2006 where she advises organisations, (some of whom have experienced cultural trauma), how to engage meaningfully with values and ethics. Her passion with clients is to help them connect dots and understand what it means to have demonstrable conduct at the top that supports the corporate tone. Jane can be reached at jane@jlmitchell.co.uk and www.valuesatwork.me.
The idea of an ethical transformation has been gathering momentum in recent times, and the sudden arrival of COVID has arguably accelerated the imperative—although some had predicted it would arrive some years before. Recent social movements have added further fuel to the fire, propelling ethics and integrity to the forefront of our consciousness. Now is the time to begin transforming our businesses from the inside, rather than embark on any misguided attempts to “return to normal.” Though tempting, any backwards shift will calcify existing practices. This is the time to make changes for good—for all stakeholders.

We contend that these changes can’t be just another transformation initiative; this moment demands a true cultural shift that cries out for ethics and compliance to take a central role. This series of articles on ethical transformation that we’re kicking off here is both a call to arms and a roadmap, with navigation points that will help you decide what action to pursue today. **There is an ethics movement in motion; join it!**

### Winds of change

If you are skeptical that change will be forced upon you, reflect a moment on what has happened around the world since 2020 began. Governments and citizens are still coming to terms with the fact that a force of nature brought our lives to a standstill. The danger of contracting coronavirus remains very real, numbers of cases are reducing and growing at different levels across the world, and evidence is showing that there is a direct correlation between the effectiveness of leadership and to what extent a country has been affected. In the USA and the UK, we have some of the [highest number of cases and deaths] per capita. Where leaders have initiated a clear response, with clarity and guidelines such as lockdown and social distancing, the positive effects are felt.

With much of the world stuck at home and eager for a change, the death of George Floyd in Minneapolis lit a match, both unexpected and unforgettable, for the movement against inequality and racism. The response has been unprecedented. In dozens of countries, people have felt strongly enough to overcome the inherent dangers in mass gatherings and joined together to say ‘enough is enough’.

Greta Thunberg, Extinction Rebellion, #MeToo, March for Science, the Women’s March and more have set the scene for a society that is unafraid to speak up and is willing to hold anyone to account.

“Those that do not change will be held to account, if not by their shareholders, then almost certainly by employees, customers, or other stakeholders.”

Organisations and leaders around the world must sit up and listen, because these are their employees, their customers, their partners. They have something to say, and leaders must take seriously the need to positively transform the culture of the working environment. The days of the insidious boys’ club are numbered.

Changes you may never have thought possible will become manifest—and as we’ve seen since the beginning of 2020, changes will happen more swiftly than ever before. In June alone, people around the world demanded accountability from business leaders and were, in many cases, successful within just a few days. Adam Rapoport resigned within days of allegations of bias and discrimination at Bon Appetit, and Christine Barberich resigned after similar allegations at Refinery29. Those that do not change will be held to account, if not by their shareholders, then almost certainly by employees, customers or other stakeholders, as the experiences of the once-lauded Harvey Weinstein, Travis Kalanick and Ray Kelvin illustrate.
We were lucky enough to present some of these discussion points to a distinguished, lively, and engaged audience at ECI’s annual Impact conference in May. We have collated the feedback and questions that were raised during our session, and came to the conclusion that there is a groundswell of interest in exactly how compliance teams can light the spark, and maintain the flame, of ethical transformation within their companies. We’ve spent the subsequent weeks developing a roadmap for ethical transformation in our profession—an outline of the journey from where compliance stands now to a better future. Consider this a manifesto for a new role for the Ethics & Compliance function. A role that is far more impactful, drives growth, and leads an organization to excellence. In a series of articles, we’ll embark on that journey together. We urge you to join us; in fact, we believe that organizations whose ethics and compliance functions do not undertake the journey will emerge from this historic social transition hobbled and broken, if they survive at all.

Only through the collective intelligence and bravery of the E&C community will we successfully craft a vision for the future of our profession and our organisations.

The world we operate in

Organisations have found in recent months that social pressure and accountability are more immediate and more damaging than regulatory prosecution. Ethics and compliance is perfectly placed to drive, if not own, this transformation — but only if we change the way we operate. Those that do not will become irrelevant and be reduced to a sidelined role of legal consultant.

Although this may sound daunting, this is also an opportunity to transition from a risk reduction focus (compliance as a cost center) to a value augmentation focus (compliance as revenue protection). The rise of Environment, Social, Governance (ESG) has proven that companies with strong governance, a higher purpose, and a social and environmental contract outperform their peers.

They attract and retain the best talent, acquire better customers at lower cost, attract investors and investment funds with better terms, and attract and retain strong partnerships. They are also able to better withstand the impact of black swan events, coronavirus being our most obvious example.
The Business Roundtable announced in 2019 that they have transitioned to a new era of capitalism—one that is no longer solely focused on shareholder returns. Rather, it is equally focused on five key stakeholders: employees, customers, partners, society, and shareholders. However, it is not enough to simply talk a good game and say that a new era has begun. Corporate actions and behaviours must consistently underpin the real commitment to these declarations; otherwise, your licence to operate is at risk.

It is widely recognized that intangible assets account for the majority of the value in the the major global indices. Protecting and driving the value of your brand has never been more critical. Nor has it ever been more at risk, from consumers, employees and social media.

Consumers are well-informed and care about the environmental and societal impact of your organizations. They are making conscious choices to purchase from companies that are aligned with their beliefs and values. And unlike in the past, consumers now believe and understand the power that they have to affect change, and quickly. Now, companies recognise that their reputations depend on developing trust and maintaining the goodwill of all of their stakeholders.

As we see in this article from DigitalRemedy, How Brands Are Adapting During a Pandemic, and many others, some companies have taken the time to clarify a meaningful purpose. Some have even used their iconic brands to reinforce government health messages. Others have shifted their day-to-day capabilities to help support emergency services. The same corporate response followed the protests after George Floyd’s death. These messages of support and commitment to causes only resonate if they are consistent with the brand’s past behaviors, and corporate actions follow the commitments. Where dissonance appears, the public are quick to turn a marketing gambit into a brand disaster.

We would suggest that those companies with a strong sense of purpose, living values, and a clear mission will be more likely to thrive, let alone simply survive through this phase of turmoil and whatever is poised to follow it.

Employees today want to work for companies that have a higher purpose. They want to trust that their company will stand up for what is right, and take a stand on critical issues of the day, not least inequality, racism, and climate change. The breadth of choice of occupations and the transitional nature of today’s employment has created a fluid and selective workforce. They are quite comfortable to shop around. The best people have the broadest choice, and are choosing companies whose values and purpose resonate with them.

"These messages of support and commitment to causes only resonate if...corporate actions follow the commitments."

One of the impacts of Covid-19, however, is the rising number of unemployed people around the world as we move into a global recession. Many organisations are reducing their workforce numbers as they reset, while some will simply not survive. This will lead to a glut of unemployed people searching for a corporate home. Organisations must take care not to get complacent, greedy, or careless in how they treat people in this new environment.
The future starts now

Having read this far, you may be convinced that change is inevitable and that now is the moment for a change for good. You might also be thinking that in your ethics and compliance role, much of this is beyond your influence and control. However, if you or your organisation really does need more evidence that a shift is going to be inevitable, it might be a comfort, or even a wake-up call that now regulators are on your side. It is true that for some time, their narrative has been shifting, and the latest DOJ guidance consolidates this into a clarity that places ethics and compliance right at the heart of driving change forward.

Extract from U.S. Department of Justice Criminal Division Evaluation of Corporate Compliance Programs (Updated June 2020)

Key questions to be satisfied in assessing compliance programs:

1. “Is the corporation’s compliance program well designed?”
2. “Is the program being applied earnestly and in good faith?” In other words, is the program adequately resourced and empowered to function effectively?
3. “Does the corporation’s compliance program work” in practice?

In short, the world has turned on its axis. We have all been forced to look at the way we live and work. Leaders in society, government, and organisations have had to implement change in ways many of them had been adamant was impossible. By and large, we have proven to be resilient, resourceful, humane, and empathetic. There is a newfound consciousness and authenticity and an appreciation of people that keep us going—people who previously had not often been given the respect they deserved. Should we go back to the way we were? If we think that we can, or that we should, we will have learned nothing and miss the opportunities that we are now presented with. The future is ours to choose.

What’s next?

In this opening article, our intention was to consolidate the insightful commentary of our attendees that accompanied our ECI Impact session. We hope to have set the scene for what is to come in a short series of articles that will pick up on these observations in more detail.

Our next article will look at the impetus for cultural shift. It’s happening out in the world, and expectations are now set in a way that organisations, private and public, are going to have to respond. We’ll look at how to deal with:

- The impact of social media and social movements
- The rise of the speak up culture in society
- People’s need to feel physically and psychologically safe
- The need to build and maintain trust
- A new way of working that supports this new contract between employer and employee, consumer and partner
- The implications of what neuroscience is teaching us about how people think and behave
- The expectations and scrutiny of leaders, boards, customers, employees and even the general public who live and work in the vicinity of your organization
- How to turn your data into insights that support a culture change

And in focusing on culture, we will share how leading organisations have responded not only to this latest crisis but also how one or two have managed necessary transformations from times of terrible adversity.
Subsequently, in our third article, we will explore what this new way of doing things should mean for the Ethics and Compliance professional:

- What should your position be in your organisation?
- What is your role in this new environment?
- What can technology do to support you?
- How and why should you expand and formalise your internal network?
- What are the skills and traits you need to excel in this new environment?
- What can you learn from other organisations and their stories?

We will round off this series in our final article by presenting a potential roadmap for change—a roadmap that puts Ethics and Compliance in the driver’s seat. We will consider some of the practical steps that you can take to not only improve the effectiveness of your program, but also embed the culture shift across your entire organisation.

Crucial to building this new normal will be collaboration, sharing our hopes and fears, and supporting each other. We look forward to sharing this journey of transformation with you. Because, as Brené Brown so succinctly puts it:

“When organizations state their core values but do not operationalize these values, all that is left is ‘bullshit.’ ”

Quite so, Brené. There is work to do.

What do you think? Weigh in on the conversation.

Along the way, we want to hear how you’re doing, what you think of what we’ve said so far, and any thoughts that these articles have triggered. We delight in robust dialogue, so please join the conversation by participating in the Converge community.
Sources:


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