

"Fund management risk - many retail funds sold by people who don't believe in them"

Business ethics media interviews: +44 7768 511 390

Why compliance is dead: go beyond ticking boxes, in step with public expectations

See my book **Building a Better Business** on fundamental ethical values that will drive every successful business over the next 20 years, the link between business ethics and profitability, shareholder value, market share.

Why corporate and social responsibility is a vital survival strategy for any business. How business ethics can make you money.

Why compliance is dead as a defensive strategy.

A single four word phrase that is the foundation of all business ethics - and the \$20,000 Challenge.

Failure in business ethics is a real threat to the future of every corporation

Business ethics as an issue is a hundred times more powerful than the internet or globalisation and can destroy your business in a week.

To make matters worse, standards of business ethics are changing rapidly in response to random events which capture public imagination. In business ethics, what was good is becoming bad and what was considered bad is now good.

Standards for business ethics that have worked for decades are looking old fashioned or immoral while other practices that raised questions are becoming totally acceptable.

So what is going to happen next in business ethics? How can corporations use business ethics to restore confidence and protect themselves against tomorrow's headlines?

What will be the new "Gold Standard" for business ethics and corporate governance? How much further than legal minimum requirements for business ethics should corporations go to ensure sustainable success?

[youtube:http://www.youtube.com/watch?v=VTE5zd-qk-s]

Video of event for fund managers - many fund managers I talk to at events do not recommend their own retail funds to family or friends and are doubtful about future performance compared to simple tracker funds. Potential for major reputational risk.

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- When business ethics goes wrong who gets blamed?,
- Impact of media allegations of dishonesty, fraud or corruption of senior executives or directors – and how to protect business ethics reputation ,
- Why goalposts for business ethics will go on changing, and how to get ready,
- Urgent need for all business ethics to be whiter than white, with unquestionable corporate governance and risk management,
- Ensuring business ethics compliance - board duties of care and responsibility in the future?,
- Defining clear areas of business ethics responsibility of boards and directors,
- Using business ethics to balancing interests of different constituencies and stakeholders,
- Why we have to separate board scrutiny role from management power,
- Ethical / society responsibilities of directors and large investor "owners" ,
- Independence of audit, nomination and remuneration committees?,
- "Duty of curiosity" by directors to ask very awkward and sensitive questions,
- Improving quality and flow of information within a corporation's governing structure

WHY WE GOT IN SUCH A MESS

Free market ideology was that corporations were kept responsible to customers, shareholders, workers and society by customer and investor behaviour, seen in share price. Millions of individual "voters" in the market place ensured they behaved. "Bad" corporations were punished by selling. "Good" corporations" were rewarded by buying. "Market forces will sort it all out". This

ideology weakened the idea of business ethics and accountability.

WHY WE STILL CAN'T TRUST THE NUMBERS

- Conflicts of interest remain in all audits even where consulting links are abolished, – Concerns that some auditors are looking for jobs in the companies they audit, – Auditors under pressure to get next year's audit business , – Old accounting standards do not always give fullest picture, – Globalisation and e-technology are making reliable audits extremely difficult

EXPECT MORE CONFLICTS OF INTEREST AMONG GLOBAL AUDITORS

Consolidation at top end of professional service organisations means global players are running out of firms to approach to provide independent advice over large complex deals, • Conflicts of interest are growing rapidly – made worse by the collapse of Arthur Andersen, with companies in danger of representing the interests of more than one party , • Expect future accusations of breaks in “Chinese walls”

TRUST TAKES YEARS TO WIN AND HOURS TO LOSE

System of business ethics must win trust of the international community, • Steps to rebuilding trust in the corporation, – T ransparent – totally open, going beyond current requirements or expectations, – R esponsible – clearly acting in the broader and longer term interests of all, – U ncompromising – total commitment to highest moral positions, – S uccessful – great results combining excellence in all areas with strong values, – T emperate – taking care to avoid major risks, wild decisions and extravagance

CEO CONFLICTS OF INTEREST MUST BE DEALT WITH

- Making decisions that benefit the CEO at expense of the future of the company, made worse by the large stock options given and other triggered incentives, , • Hiding how much the CEO takes - non-recording of stock options as an expense, overly-complex complex reporting

ACCOUNTABILITY CONFLICTS FOR STAFF

The fundamental issue at the heart of many recent scandals, • “I did what I was told” – , • So who do you serve? Your boss? The boss of the boss? CEO? Board? shareholders? Customers interests? General public? Courts of law? Your own conscience?, • Extreme pressures on employees to toe the official line, • Harassment and threats by people representing huge power

HOW CONSULTANTS AND ADVISERS GET COMPROMISED

Who is the consultant or adviser accountable to if things are discovered?, • To the individual who set up the arrangement and is asking for the advice (who may be part of the problem)? His or her boss? The CEO? The board? The shareholders? The government? Consumers? The public? Who do you tell and when?, • What are the limits of confidentiality in consultancy?

HOW THE MEDIA CAN BE COMPROMISED

- Media investigation should be a powerful corrective force, exposing wrong-doing, but media depends on advertising. Dangers of alienating big funders of media companies., • Media is also sensitive to news manipulation and lobbying, including benefits for journalists writing stories, • Need for transparency – declaring interests of journalists and editorial team including those of the owner(s)

HOW GOVERNMENT CAN BE COMPROMISED

- Lobbying budget in US greater than GDP of 57 nations, • Over 100 lobbyists per Member of Congress, • \$5bn a year industry designed to create new laws or regulations, change existing ones, limit corporate liability, create barriers to entry for competitors, change who gets elected, • Potential for corrupting the democratic purpose, • US Government shell-outs to business are worth more than \$300bn a year, • Selective tax breaks, trade policies and spending programmes are all sensitive areas, • Risk of corruption and danger of distorting free market

HOW CORPORATIONS CAN OUT-GUN GOVERNMENT LAWYERS

- Government will increasingly target corporations as well as individuals with legal action, • Large corporations have deeper pockets than legal budgets of government, • They often get better quality representation from huge heavy-weight teams

“SUCCESS PLUS”

Doing great things in the right way, Success itself is being redefined – fundamental rethink about the purpose of corporations. Corporate responsibility will be far more widely interpreted. REAL SUCCESS will be everything we have previously taken for granted in high performing companies PLUS the highest ethical standards in all areas.

BUILDING A BETTER WORLD

Core value and universal slogan , Corporations will be expected in future to “build a better

future” – not only for their shareholders but also for their customers, workers, business partners, community, nation and the wider world. Those with effective business ethics based on this core value will have an added competitive advantage: attracting and retaining talent and generating positive reactions in the marketplace.

[More on business ethics and leading with purpose](#)

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