

POLYMENTOS CONSULTING

INTRODUCTION

There is an often-expressed perception in organizational ethics research that executive management is not held to the same standards as others in the organization. This case will examine situations that arise in the workplace where pressure to please a senior manager can create potential problems in an organization. To what extent can a senior employee use his/her position to influence subordinates and colleagues for private purposes, even when those purposes may be considered a good end? Does it make a difference if the end result benefits a relative, a student, a charity, or a valid political goal?

BACKGROUND

Polymentos Consulting (PMC) is a large management consulting firm that provides a wide variety of services to its clients throughout the U.S. and Europe. These services include information technology design and implementation, social media consulting, organizational design, and network security. Their revenues last year were \$9.2 billion. They employ 91,000 people in offices in most major U.S. cities and in select European cities. PMC has reputation for high-quality service, social responsibility, and community involvement in markets where it has a significant presence. This reputation has earned PMC a high level of influence in philanthropic endeavors and with local and federal government policy makers. This influence extends both to the company as a whole and to senior officials of the company who are seen as community leaders.

THE CASE

March 20

Arthur Allen finished typing and hit *Send*. “That should get the ball rolling,” he thought. He was helping his wife’s nephew, Ben, with a business school project. Ben was applying for a prestigious fellowship and needed to provide a research paper with the application. He had asked his uncle to provide introductions to a few key people in PMC. Firsthand interviews with them would give his research a credibility that simply researching the public record would never provide. As Senior Vice President and Chief Financial Officer (CFO) at PMC, Arthur knew that both his peers and the folks down the line would make time to talk to Ben if he asked. “Helping out the CFO was always a good idea,” he thought. It certainly gave him a good feeling to help out a student, especially a relative. Ben was a good kid.

March 24

“Ellen, is this new task really that urgent?” Marco asked. “I’ve got to get the board reports ready in time for printing to make the meeting deadline. You know how firm those deadlines are.” Ellen Perry, General Counsel for PMC, stopped as she headed into her office. Marco, a paralegal in her department, had waylaid her at the door. “I’m sorry, Marco, what is ‘this’ that you’re talking about?” “Sorry, Ellen. You emailed me a request to find some of the background documents on the Hyde case from a few years ago and abstract them. Then I am supposed to send the documents and abstracts to somebody named Ben Carlisle by tomorrow morning. Isn’t that the college student you spent some time with yesterday? In any case, this isn’t as straightforward a piece of research as you may have thought. It’s going to take most of the day. I can’t do that research and get the board reports done on time. I’m guessing you want me to focus on the board material.”

“You’re absolutely right,” Ellen agreed. “I really thought the Hyde material would take no more than an hour. I was just trying to help out Arthur’s nephew, but if it’s that big a deal, don’t worry about it. You’re here to do the firm’s work. Sometimes we can help out someone like Ben just as a good faith gesture, but it’s not our job. I hadn’t even mentioned it to the young man. He can’t miss what he never knew he was going to get.” Marco sighed with relief.

March 26

Ellen looked up from her plate. Arthur Allen and she were having lunch at a restaurant near their office. “Oh, I meant to tell you that I did spend an hour or so with your nephew the other day. Seems like a bright young man. Asked good questions. I enjoyed the conversation so much, I started to have my paralegal do some research I thought might help Ben’s paper. Then I found out how much work it was going to be and turned off the effort. I didn’t want to take advantage of Marco that way. I really had forgotten how much work that kind of research can be even with all the tools we have these days.”

The conversation stopped for a minute while they focused on the food in front of them. Arthur picked his glass up and then put it back down. “Ellen, I was just thinking, that extra research might be just the boost Ben needs. This fellowship is very important. It will look great on his résumé when he starts looking for a job after graduation.” Ellen looked slightly troubled, but before she could respond, Arthur continued. “Don’t worry, I know it’s not reasonable to take Marco away from his duties for your department. But what if I could provide some overtime budget and he could do it after hours? Marco makes some extra money, we help out a promising student — maybe a future employee — and gain some good will in the university world.” There was an awkward pause for a few moments. Finally, Ellen said, “Well, as long as it doesn’t interfere with Marco’s regular duties and he agrees, I guess it’s OK.” Arthur smiled broadly, “Great! You’ll talk to Marco and then to Ben? It will be great if Ben hears it from you.”

April 2

Marco dropped into a chair in the coffee room across from Leslie. “Well, you don’t look so chipper this morning,” Leslie smiled. “The baby keeping you up at night?” “No, she’s great, sleeping through the night finally. It’s this extra work for Arthur Allen’s nephew. Ellen killed the idea as soon as she realized how much work was involved. Then Mr. Allen heard about it and pushed Ellen into it as an after-hours project. Mr. Allen is paying me overtime for it and the extra money is helpful. To tell you the truth though, I’d rather have the time home with my wife and daughter.” Marco hesitated, “But you try saying ‘No’ to the CFO. I’m not sure Ellen was comfortable with it either, but Mr. Allen carries a lot of clout at PMC. Even Ellen tries to stay on his good side.” “I know,” said Leslie, “the talk is that Allen is on the short list to be the new CEO when Edward Tucker retires in a year or so.”

“There’s more,” Marco said. “Yesterday, he asked me to edit the kid’s paper before it went in with his fellowship application. Really? Does that seem right to you?” “Why didn’t you just say ‘No’ when he asked?” Leslie inquired.

“Not as easy as it sounds, Leslie,” replied Marco. “The Finance folks I know say that Mr. Allen has a long memory. A good enough guy most of the time, but he remembers people who don’t accommodate him. I may not work in his department, but I don’t need to be on his bad side. In any case, even Ellen caved in to him despite her concerns. If she won’t stand up to him, I’m not taking a chance.”

May 4

The annual PMC Finance Conference brought the regional Finance vice presidents, controllers, and their senior staffs together. It was a busy event. The three day agenda was full, with presentations on new regulatory developments, financial systems initiatives, and policy discussions. The first day was drawing to a close and everyone was looking forward to the dinner (after, of course, they checked email, talked to their home offices, and did their day jobs in the 90 minutes before cocktails!).

As host of the conference, Arthur Allen headed to the podium for closing remarks for the day. Standard stuff really: “Great day...very productive...look forward to tomorrow...” Then Arthur cleared his throat, “I have one more important announcement. As you know, I am on the board of the Early Childhood Disease Research Foundation (ECR). This is important work and you’ll get to see exactly how important tomorrow morning when I show you a short film on their work. I personally contribute to ECR and I have asked our company to make a contribution as well. I’m happy to announce that PMC will be making a generous contribution.” Applause followed from the audience. “But I want to take this a step further. I’m asking each of the senior Finance staff to make a contribution as well.” Arthur smiled, paused, and then said dryly, “And, remember, I know how much each of you make.” Uneasy laughter from the audience — what did he mean by that? “There will be pledge cards at your seats tomorrow morning when you arrive. Just give them to my assistant at the morning break. See you all at dinner tonight.” As he started to step away from the podium, he stopped and added, “Remember, donations are voluntary...of course, so is employment,” and laughing at his own joke, he stepped off the stage.

June 3

Al McCrane looked at the email message on his screen again. It was an invitation to a fundraiser for a candidate for the U.S. Senate. Al didn’t mind getting the invitation from Arthur Allen. Arthur knew that Al supported the candidate; they had discussed it more than once in the last few months. No, that didn’t bother Al. However, as head of Information Technology for PMC, Al knew that use of a company email account was supposed to be primarily for company business. The policy allowed for occasional personal use as long as it wasn’t excessive and met other provisions of their IT Acceptable Use Policy. Personal use to support a political candidate or political initiative was an excluded use — the company avoided direct endorsements of candidates. All donations went through a separate Political Action Committee (PAC) in which PMC managers participated on a voluntary basis. People still forwarded an occasional link to a colleague that discussed a political issue or candidate. As long as it was infrequent and not offensive, Al tended to let it slide. A reminder of the company policy to the individual involved usually sufficed. It was the address list on Arthur’s message that gave him pause. If Al wasn’t mistaken, it was the management mailing list for everyone in the HQ office. Al sighed. He knew that both he — and Beth Wilson, the Human Resources vice president — were going to be getting a lot of calls by the end of the day.

June 12

Beth Wilson stopped by the desk of Edward Tucker’s assistant before she went into Edward’s office. She was waived on in with a smile, “He’s expecting you, Beth.” Edward Tucker, the CEO of Polymontos Consulting, stood as Beth entered and gestured toward a chair by his desk. “How’s your day going, Edward?” Beth asked. He gave a mock frown and replied, “Better than it will be after we talk — at least that’s my guess. Fill me in.”

Beth took out a note pad and glanced at it. “As you know, it’s the Arthur Allen situation I want to talk about. This started out as a simple matter. Serious enough, but one that could be handled without too much trouble.

Arthur sent out an email to the full management list here at headquarters essentially soliciting donations for a political candidate. That's a violation of our Acceptable Use policy for IT as well as skirting the edges of our policy on political activity and donations. Art is an officer of the company and he used his title in the fundraiser invitation so people could assume it was a company endorsement."

"That, I know about," Edward said, "since I was on that distribution as well. I'm hoping he hasn't done this before." "That's the problem," Beth told him. "When we spoke to his subordinates in Finance and then with people in other departments who work with Art on a routine basis, we discovered other questionable actions." She glanced at her notes. "There are two other matters that concern us." Beth then described the support provided from Legal to Arthur Allen's nephew for his academic work and Allen's charitable solicitation at the Finance Conference.

"That's just what we found almost by accident. We weren't even looking for these other issues. I'm not sure what we would find if we really probed." Beth paused. "Edward, how do you want us to handle this?"

THE ASSIGNMENT

- Consider the facts. What, if anything, was specifically wrong in each of Arthur's actions?
- Consider the people. What were Ellen's motivations both initially and after she spoke with Arthur? Why did she change her position? Should Marco have acted differently? Did Arthur intend to gain personally from his actions? Does that make a difference?
- Consider the situation. What should Edward do? Should Ellen or Marco be subject to any corrective actions? What is the negative effect of this type of conduct in the workplace?

This case was written for the Daniels Fund by Charles Chadwick, Senior Advisor, Ethics Research Center (ERC), the research arm of the Ethics & Compliance Initiative (ECI).

**POLYMENTOS CONSULTING
INSTRUCTOR/FACILITATOR CASE NOTES**

CASE SUMMARY

This case examines situations that arise in the workplace where pressure to please a senior manager can create potential problems in an organization. The case presents three separate types of potential abuses of position (sometimes referred to as abuses of authority). Are there nuances in each instance? Organizational ethics research often finds an expressed perception by employees that executive management is not held to the same standards as others in the organization. The case presents five different individuals or groups (Ellen, Marco, the Finance management team, Al and Beth) who have the opportunity to hold an individual accountable for potential misconduct. What differentiates their reactions?

LEARNING OBJECTIVES

The learning objectives of this case study are as follows:

- Understand the dynamics involved in a senior leadership position
- Develop the ability to discern what is and is not appropriate conduct when in positions of influence
- Recognize the factors that must be balanced when judging questionable exercise of influence and deciding on an appropriate response

ISSUES

Abuse of Position

Most discussions of abuse of position (or authority) focus on criminal consequences. Using one's position to commit fraud, use of insider information in the trading of public stock, conflicts of interest that result in personal financial gain, and the like. This case deals with a more subtle (but more common) abuse of position. It is worth noting that abuse of authority in the workplace is often seen as bullying (abusive or intimidating conduct). It might also be seen in instances of discriminatory conduct which is based, for example, on race, gender, or sexual orientation. None of these are in evidence in this case. Therefore, even though one may agree that Arthur Allen's conduct is questionable, it may be harder to pin down a specific reason *why* it is questionable. What is wrong with supporting a worthwhile charity? What about assisting a young person's education and career prospects? Does the political context of the fundraiser invitation make a difference? Many people offer a belief that unethical conduct is intuitively obvious: "I know it when I see it." Yet, too often, we find out that what we think we "know" is not the case at all. Should there be a "bright line" standard to assess ethical conduct?

Discussion of the case should also consider the "slippery slope" argument. Arthur's initial action is not, by most standards, improper. He provides an introduction to senior individuals for his nephew. There is no financial gain for Arthur and the conduct is common. Business colleagues are free to speak or not speak with the individual introduced and to define the parameters of that meeting (time, length, topics). Many business people engage in such meetings out of a sense of social duty. In this case, the extension of support escalates

into clearly inappropriate conduct. This escalation may occur because Ellen and Marco feel they are not in a position of adequate power to object. The same may be the case with the attendees at the Finance Conference.

Daniels Fund Ethics Initiative Principles involved: Integrity, Fairness, Respect, and Trust

Duty of Loyalty to Employer

Employees of a company undertake both a fiduciary and a moral obligation to the employer. Assuming they are not asked to participate in criminal or otherwise unethical acts, they should perform their duties with diligence and follow company rules and policies. The company similarly has a duty to employees. Here, Arthur has clearly stepped over the line in using company funds to provide a benefit to a relative. Has Marco also violated his obligations to his employer by reporting hours worked that were not in the conduct of company business and by accepting compensation? Does it matter that he saw himself in a position lacking power? How about Ellen, who does occupy a position of authority? Is the sending of the fundraiser invitation a serious breach by Arthur? There is no real incremental cost to the company. Does that make a difference?

Daniels Fund Ethics Initiative Principles involved: Accountability, Trust, Transparency, Integrity, and Rule of Law

The Double Standard

The 2013 National Business Ethics Survey[®] conducted by the Ethics Research Center found that 60% of all observed misconduct was committed by someone in a management or supervisory position and that 24% of all misconduct was committed by senior management. However, while 88% of non-management employees are held accountable for misconduct, only 81% of top managers are held accountable. A survey of corporate ethics officials in 2015 by NAVEX Global found that the chief obstacle to an effective ethics training program was cynicism (cited by 37% of respondents). Both of these findings reinforce concern over a perceived double standard—the more senior the employee, the more likely they would not be treated the same in the case of misconduct as a lower level employee. That concern is exemplified in this case by Marco. As Marco puts it, saying “No” to Arthur Allen is “not as easy as it looks.” How much of the double standard is real and how much is perception? As a practical matter, does that make a difference? Who in this case, holds Arthur accountable? Do Al and Beth risk anything by doing so?

Daniels Fund Ethics Initiative Principles involved: Accountability, Integrity, Trust, Fairness, and Transparency

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