GRAHAM INTELLIGENT SOLUTIONS, INC.

INTRODUCTION

Employees generally consider their off-work time as a private matter and not subject to their employers' standards. However, can an organization hold employees accountable for their conduct away from the workplace and outside work hours? In addition, we will consider whether management and non-management employees may be held to different standards and how inequitable accountability standards may affect an organization. Although not directly related to these issues, the case will also consider the issue of journalistic ethics.

BACKGROUND

Graham Intelligent Solutions, Inc. (GIS) is a developer of large-scale software systems used in banking, medical applications, logistics, and inventory management. GIS' customers are largely from the Fortune 500 and many have been customers for 10 years or more. GIS employs 21,000 people and has two main offices: in the Washington, D.C. area and in Sunnyvale, California (corporate headquarters). Smaller offices are located throughout the country near major clients to provide support and system enhancements. In the most recently completed fiscal year, GIS' revenues were approximately $7 billion. GIS' growth has been accelerated in the last five years by a series of acquisitions of niche companies.

THE CASE

Wednesday, in the Break Room, GIS' Washington Office, 10:00 a.m.
Josh headed for the break room down the hall for his third — fourth? — cup of coffee. "I really need to cut back," he thought. But the coffee service that GIS used provided a great brew. Strong, just the way he liked it. "Next week, I'll start to cut back," he promised himself — like he did every week. Karen Stevens was standing by the coffee pot as he entered. "Just made a new pot, Josh," she said, "Help yourself." "This is why you're my favorite person in the office, Karen," Josh winked. "Well, *that*, and your sister is my wife." As Josh poured, Karen smiled, "The coffee is getting a lot of use this morning, I'll bet." "There has got to be a story behind that remark," Josh replied, "Come on, let's hear it." "Well, I guess I can tell you," Karen responded as she took a sip from her mug. "The short version — Eli had a party last night at his place for the software verification team on our project. No big deal — started out as just pizza and beer after work. Some of the folks — I didn't notice who — brought in some harder stuff. Well, as the evening went on, some of the team were starting to…well, let's just say they were starting to feel very little pain." Karen hesitated and seemed nervous. "Anyway, there should be a run on coffee this morning as they try to start functioning again."

Josh knew Karen well enough to sense there was something else she wanted to say. "So, what else, Karen?" Josh inquired. "There's more to the story, isn't there?" "This isn't the time or place, she replied and turned to leave. Then she stopped. They had the room to themselves. Karen turned to face Josh. "You know Tom Andres?" "Sure," Josh replied, "Good guy, knows his stuff. I've worked a few projects with him."

"I'd have to agree under normal circumstances," Karen said. "But he got more than a little tipsy last night. As a matter of fact, Eli took his car keys and called a cab to take him home. But before that happened, Tom started to tell some really off-color jokes. I can handle some of that, even though I don't like it, but these were really offensive. I think we were all uncomfortable. If it had stopped there and Eli had gotten him out the door to a cab, I'd forget about it." Her voice dropped, "It just came out of the blue. He wrapped his arm around my waist and pulled me against him. Before I knew what was happening, he tried to kiss me. I pushed him away. I can take care of myself. And the other guys grabbed him and sat him down across the room until a cab got there — that's when Eli took his car keys. Eli apologized to me about ten times. He seemed more upset than me at the time." Karen's voice was now a whisper, "He *wasn't* more upset than me. I was never in any danger, but it's not right even if Tom was drunk. It would have been bad regardless, but this happened in front of the people I work with." "You need to tell Human Resources or someone," Josh said. "Who?" she replied. "This didn't happen at work."

Friday Evening, Imperial Hotel Ballroom, Washington, D.C.
Andrew Thompson never liked these formal events, but as the General Manager of the Logistics and Inventory Management Division of GIS (and the senior executive in the local office), he often attended to show the flag for the company. This event was a fund-raiser for a local organization that worked with disabled veterans. A trade association to which GIS belonged had bought a table, and Andrew and his wife had been asked to attend as the association's guests. Andrew knew everyone at the table except for the Vice President of Development at the charity, Emily Lang, and her husband, Rob. Rob seemed a nice enough fellow. They chatted about football — would the Washington team ever solve their quarterback issues? They talked about the presidential election campaign that was still in the early phases. Now *that* topic was always good for a long conversation in Washington, Andrew thought. Their views coincided enough that the conversation was pleasant and their views differed enough to keep it interesting.

There was the usual dinner speaker, and when he was done, coffee and dessert were served. As he sipped coffee, Andrew told Rob how much he had enjoyed their conversation. "It's been a rough week and this turned out to be a very relaxing evening, so thanks," he told Rob. "Glad I could be of assistance," Rob answered. "My wife often tells me I bore people talking politics. "Well, politics often seems easier to understand than how some business decisions work," Andrew replied and then went on, "That's why I've had a rough week. Yesterday, our CEO killed my plan to explore the market for potential acquisitions in my business area. I had my staff working on the strategic plan and approach for the last six months. And now — 'poof!' — all gone. Why? Because our VP of Strategy tells him 'the numbers don't work'. He'd rather listen to that office-bound theorist and his crackpot analysis than the people who have to deliver the sales, revenue, and profit. Makes you wonder how some people get to be a CEO. Andrew sighed, "I shouldn't vent to you on my problems. Please don't let me put a pall on a great evening. Very nice to have met you." "No problem," Rob chuckled, "I've had similar weeks!" They shook hands as Andrew and his wife left to join the valet parking queue.

Following Monday, Sunnyvale, California Office of George Carlisle, CEO of GIS, 1:00 p.m.
George Carlisle got up as Elliot Rivers, Senior Vice President of Human Resources for GIS and Beverly Anderson, the Senior Vice President and General Counsel entered the room. He gestured toward his conference table and joined them there. George slid a piece of paper across the table to each of the others. "I take it you've already seen this, correct?" he said calmly. Elliot and Beverly nodded as George continued. "I've already asked External Relations how this report got out without being vetted and cleared through them. They had no answer. Do you?"

The report to which he referred was from an internet news service. The pertinent part of the report was obvious. It read, "Graham Intelligent Solutions, Inc. appears to be slowing down its acquisition efforts according to the General Manager of GIS' Logistics and Inventory Management Division, Andrew

Thompson. More importantly, there is disagreement about business strategy between George Carlisle, CEO of GIS and his senior staff." George tented his fingers under his chin and went on in a tight, controlled tone, "The report isn't true, although there are some grains of fact in there. The reporter, Rob Lang, obviously knew things he shouldn't. But it should never have gotten into the media this way, and certainly, our internal discussions should never have been opened to scrutiny. This makes us look like an organization full of dissension. It affects our ability to work with other companies on strategic alliances and acquisitions." He paused. "So what have you learned?" he asked coldly.

Beverly Anderson leaned forward, "I talked to Andrew. He's angry over this himself. He attended a charity dinner on Friday and struck up a conversation with the spouse of one of the charity's officials. Andrew had no idea he was a reporter. It was a throw-away comment at the end of the evening. Andrew was frustrated over the decision we made on his acquisition strategy. He admits he said some things he shouldn't have. I think we're clean on this with the Securities and Exchange Commission since there was no specific acquisition under consideration, nor did Andrew mention any specific targets."

George looked disgusted. "We'll contain the damage somehow. I've got External Relations working on that. But I can't have this sort of thing from my senior leadership team. I want Andrew Thompson gone." Elliot responded immediately, "Beverly and I will start working on a separation agreement. We want to keep this quiet and non-controversial. We'll trade a separation payment and continued medical coverage for a year — the usual sort of thing — for a non-disclosure provision with Andrew — we both agree not to comment on the issue publicly. We put out the "leaving to pursue other opportunities" type announcement. We make it go away quietly. We should put him on paid leave for a few months first, so this doesn't look like a reaction to the media report. We'll say he's on a special assignment for the Board of Directors." George sighed, "I'd sooner walk him out the door today, but this is probably the right approach for the company."

Tuesday, Office of Ed Feld, Director of Human Resources for GIS' Washington, D.C. Office, 11:00 a.m.
Ed felt a headache coming. The Andrew Thompson matter had been bad enough. Ed worked closely with Andrew and respected him as a good business person and, in general, a good guy. But Andrew was not going to be an employee at GIS for much longer. You needed to watch what you said even out of the office at a social function — and Andrew hadn't.

Now, Ed had another off-duty conduct issue to deal with. The call to the helpline had been anonymous, but had enough detail in it to merit investigation. He had talked with Karen Stevens, Eli Cooke, and the others who had been at Eli's house for the party. He finished the interviews by talking to Tom Andres. Part of this was easy. There was really no disagreement about the facts. Even Tom admitted that he had too much to drink, had told some questionable jokes, and had grabbed Karen, although he claimed he was just kidding around and stopped as soon as Karen pushed him away. Karen had been reluctant to discuss it and Eli was embarrassed by the whole matter. Tom was apologetic, but didn't see that it was the company's business.

And that was the problem. Was it the company's business? There was a company policy that addressed conduct away from the workplace, but it dealt with conduct when representing yourself as acting on behalf of the company or when the conduct affected the company's business. Those were the exact words: "affected the company's business." Ed dialed the number for Legal.

Thursday, in the Break Room, GIS' Washington Office, 12:30 p.m.
Eli and Rashad sat at one of the tables in the room eating lunch. Rashad had been at Eli's now-infamous party. "Look, I know Tom was out of control and if he winds up paying the price for it, that's on him. But why does he get hit hard when the senior folks just skate away? The rumor mill says that Andrew is going to be handed a nice settlement package for his mistake. He'll take a long paid vacation and then get another job. The company won't say a word against him as long as he doesn't give it any trouble on the way out the door," Rashad said. "And Tom will get crushed and his career at GIS will be over as far as any advancement goes," Eli replied. "So why doesn't Andrew get treated the way they treat Tom?" said Rashad as he picked up his iced tea. "I wish I knew," Eli said, "I wish I knew."

THE ASSIGNMENT

- Consider the facts. What is different about these two situations? What is the same?

- Consider the people. Why is Karen reluctant to report the incident? Should Eli or any of the others at the party have reported it? Why/why not? Should Rob have told Andrew he was a reporter? Should Rob have used the information he received at the dinner?

- Consider the situation. Are either of these matters for company concern? Should they be subject to company discipline? Should Tom and Andrew be held accountable in the same manner? What effect does a perceived difference in accountability have on the organization?

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).

GRAHAM INTELLIGENT SOLUTIONS, INC.
INSTRUCTOR/FACILITATOR CASE NOTES

CASE SUMMARY

Two employees at Graham Intelligent Solutions, Inc. (GIS), a developer of large-scale software systems used in banking, medical applications, logistics, and inventory management, display questionable conduct outside of the workplace and work hours. To what extent is such conduct a matter for concern by their employer and to what extent can or should an employer impose discipline? Does the fact that one employee is a non-manager and the other is a senior manager make a difference? Accountability for conduct at different organizational levels in the company is a concern in this case. A subsidiary issue of journalistic ethics is also considered.

LEARNING OBJECTIVES

Learning objectives of this case study are as follows:

- Evaluate standards for what is private, personal conduct and what is work-related conduct
- Recognize the effect that differing standards of accountability may have on employees' view of fairness in the workplace
- Understand that a specific profession may have unique ethical considerations

ISSUES

Off-Duty Conduct
Conduct outside of the workplace, during what individuals consider their private life, presents one of the most difficult areas for employers who must decide if questionable conduct merits disciplinary action. For example, an employee is found guilty of soliciting a prostitute and this is a matter of public record. May the employer discipline the employee? What if the employer is a day care center? What may an employer do if an employee is arrested for starting a fight in a bar on his own time? What if the employee does so after dinner in the hotel bar at an off-site company conference? There are a variety of court and arbitration results on this topic, some upholding company discipline (including termination) and some not doing so. The critical factor is whether the conduct affects the employer. An employer is entitled to consider factors such as the effect on the morale of other employees, disruption in the workplace, the effect on the company's reputation, its ability to attract customers, or the effect on the performance of the employee who committed the misconduct. This must be balanced by an employee's reasonable expectation that their private conduct is not a matter for company concern.

Two other factors may be taken into consideration. First, does the company have a policy that addresses off-duty conduct? What is the scope of that policy? Such a policy does not necessarily give an organization *carte blanche* in disciplining employees for off-duty misconduct. There must be reasonable standards imposed on what is not acceptable off-duty conduct. However, the existence of a reasonable policy does provide a foundation for disciplining off-duty conduct. Second, the expectations of off-duty conduct by employees may be based on the position they hold within the organization. In the case, Andrew Thompson is a senior manager who is representing the company at a public event. He would be expected to conduct himself in a manner that would not damage the reputation of the company. If Thompson was inebriated and acted toward a woman at the benefit dinner in the same manner as Tom Andres did in the company of fellow employees, a company would be on sound grounds to discipline him.

Daniels Fund Ethics Initiative Principles involved: Accountability, Viability, and Integrity

Organizational Justice

This concern is expressed clearly in the discussion between Eli and Rashad at the end of the case. Will an executive be given more favorable treatment than a non-management employee? The concept of organizational justice revolves around fundamental fairness. Employees will expect outcomes and procedures in matters of discipline to be consistent and equitable — in short, to be fair. A lack of fairness can have a detrimental effect on individual and organizational performance. In the case, issues that should be considered are the nature of the misconduct in each case and the effect of disciplinary actions on the company's reputation. It is important to note, that perceptions become reality. Most employees will not be directly aware of any discipline taken against either Andrew or Tom.

Daniels Fund Ethics Initiative Principles involved: Fairness, Accountability, and Trust (lack of perceived fairness leads to lack of trust in leadership)

Journalistic Ethics

The case presents an issue unrelated to the two prior issues. However, it is worth discussion, both as a contributing factor in Andrew's situation, and on its own. Specific professions often have ethical imperatives that would not apply to a layperson. We often think of this with regard to the legal and medical professions, but it also applies to other professions. Should Rob have disclosed to Andrew that he was a journalist? If he did not, should he ask Andrew for permission to use the information he disclosed? (It is important to note that Rob's ethical considerations are independent of whether Andrew should have made his statement.) It is clear that Rob was aware who Andrew was and his position. Here are excerpts from the ethics codes of two professional journalism organizations.

"Recognize that legal access to information differs from an ethical justification to publish or broadcast." (Society of Professional Journalists)

"We generally declare ourselves as journalists and do not conceal our identities, including seeking information through social media." (Canadian Association of Journalists)

Rob is not attempting any deception in this case. He did not solicit any information. Should he be required to declare his role as a journalist in every conversation? Is there something unique to the setting in the case? It should also be noted that many media organizations (newspapers, TV networks, magazines, etc.) have their own code of ethics for the journalists they employ.

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

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