

Ethical Dilemmas Leaders Face

LED BY:

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A CONVERSATION BETWEEN:

Jonathan Craig
MD, Head of Investor
Services & Marketing,
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Michael Edmonds
SVP, Strategy, Marketing
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Tara Frenkl
SVP, Head of Global
Medical Strategy and
Integrated Evidence
Generation, Bayer

Guillaume Gerardin
Former SVP & General
Manager, Printing
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Ray Hilvert
VP of Financial Operating
Plan, New Balance

Jennifer Hunter
Chief Sustainability
Officer & SVP, Corporate
Citizenship, Altria Group

Katrina Lindsey
Chief Legal Officer and
Corporate Secretary,
Casey's General Stores

Audrey Powers
VP, New Shepard Mission
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Origin

Ethical dilemmas are inherent to senior leadership. You cannot avoid them. What does ethical leadership look like if your product is seen as non-ethical? How do you behave ethically when your competitors do not? How do you make ethical decisions when you lack information? How do you lead effectively when individuals, teams, or regions interpret ethics differently?

01 REFLECT

Define your values

Look back at your past experiences and the difficult decisions you faced. Which made you feel particularly uncomfortable? Which do you feel most proud of? Use these examples to identify and refine your core values.

“It all begins with you, and it all begins with an incredibly clear understanding of your values.”

- Ann Fudge

Clear boundaries of what you would or would not do provide extra support during difficult situations. Be prepared to walk away if the conflict threatens your boundaries. You cannot flourish in moral compromise.

Identify organizational boundaries

Distinguish between the values in your company that you can influence and those that you cannot.

Which of the company's values are set by its product or brand? These are hard to change without a large strategic transformation. Do any of them contradict your personal values?

What are the company's internal values that influence its culture, communication, and leadership? To what extent can you change those not aligned with your principles?

A CONVERSATION BETWEEN (continued):

Krishna Prasad
Chief Strategy Officer and
CIO, UST Global

Christopher Roberts
EVP and General
Manager of Global Foods
& Beverage, Ecolab

Justin Singh
(former) Chief
Transformation & Strategy
Officer, McGraw-Hill
Education

Ann Tracy
Chief Sustainability
Officer, Colgate-Palmolive

Courtney Yeakel
Chief Product Officer,
Veradigm

Evaluate risk

Ethical disagreements pose a threat to the company. They can damage external relationships with customers, shareholders, and regulators and weaken the internal strength of culture, talent, and team alignment.

“The level of risk we deal with today is mind-blowing.”

- Ann Fudge

Be aware of potential risks and the problems they might create. Understand how failing to reach an agreement aligned with your values could threaten your career, reputation, and sense of self-worth.

“You must live with yourself when you're in this conflict, but you really want to live with yourself when you're away from it.”

- Ann Fudge

Be consistent in your beliefs and let that show in your work. Never underestimate the power of doing the right thing. People see it, respect it, and repeat it. Integrity travels through an organization like wildfire.

“Once you decide your path and what you will do, it becomes easy. Go back to your core values and let the chips fall.”

- Ann Fudge

CASE STUDY

Lead by example

When Ann joined a new organization, she uncovered illegal activities that had persisted for several years. It was led by a small group of people and hidden behind the ambiguity of international cultural norms.

She fired those involved and immediately received overt support from other leaders in the company. As she described, 'It was like throwing the windows open,' which led to a more relaxed and transparent atmosphere within the company.

If you have imperfect information, ensure the decision is anchored in what you believe is right. When reflecting on that decision, be honest about what you knew then, how that may have changed, and how you plan to adapt.

Use the audit committee

If the leadership you report to refuses to address an ethical problem that is important to you, consider approaching the chair of the audit committee at the board.

Seek external help

Consider using crisis management services when facing an ethical challenge that could trigger a public backlash. You may be unequipped to consider all the possible elements, players, and scenarios. The complexities of information networks and public sensitivities are hard to predict.

02 SET LIMITS

Choose where to engage

Consumers increasingly demand companies support their brand's purpose and values by taking sides on divisive issues.

Taking a stance can be a powerful way to deepen the relationship with your customer and validate your brand, but companies must tread carefully and deliberately. Divisive issues are complex, transient, and highly sensitive to specific wording and imagery.

FURTHER READING

HBR: [When Should Your Company Speak Up About a Social Issue?](#)

BCG: [How CEOs Can Navigate a Polarized World](#)

Withholding a stance on an issue unrelated to the company's business activity does not compromise its values.

When public conflict arises, support your employees where they are directly impacted. If you have an opinion on the topic, be extra conscious that your business does not perpetuate what you define as the problem. However, resist the pressure to engage in every external issue that might relate to your values and not your business.

Extend wisely

If you choose to comment, create a clear communication strategy based on the fundamentals of what you stand for. The reason for your stance should transcend the crisis at hand. When designing your public message, assume that the current context is more complex than you realize and will change faster than you can adapt.

Be honest and transparent to your employees about what you communicate or not and why.

Encourage conversations

Individuals have a right and a responsibility to speak out about the issues that are important to them. Create space within the company for these conversations, encouraging employees to define their values and understand how they relate to their work.

But remind employees that the company is a separate entity and can hold an independent stance. When they are in a role representing the company, their communication must align with the company's position.

MEMBER EXAMPLE

Measuring pulse

Jennifer Hunter of Altria Group uses the following questions in the quarterly employee engagement survey to measure the extent to which their employees are willing to speak up:

- Do you see retaliation?
- Do you feel addressed?
- Can you comfortably talk to your manager?
- Can you comfortably talk to your manager's manager?

03 CREATE A SPEAK-UP CULTURE

When an issue is raised, investigate and respond quickly. Give people the confidence that the risk they took to speak up is not in vain.

Check in

Use online surveys multiple times yearly to gauge the organization's pulse and offer a platform to raise imminent issues. Create a hotline for spontaneous employee feedback. Follow up on severe concerns with individual conversations.

Provide the option to share feedback anonymously, but encourage employees to include their identity and their work context. Use anonymous vs. non-anonymous submissions to indicate how strong your speak-up culture is.

Align cultures

Include cultural integration in your transition team's KPIs to rapidly align the values of an acquired company with your own.

Choose a few individuals from the new organization and pair them with representatives from your company. Train them in your cultural practices and values, and send them back to serve as liaisons to their teams.

“We need leaders who really lead from a strong value set.”

- Ann Fudge



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Members participate in virtual meetings to gain insights, approaches, and tools to tackle their most pressing leadership and business challenges, while also developing valuable peer networks for the future - all to accelerate organizational performance and achieve their business objectives and professional aspirations.

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