

AN ORGANISATION'S CULTURE CAN EFFECT THE BEHAVIOUR OF ITS EMPLOYEES

Organisations risk losing \$billions

\$billions in fines from regulators following organisations' fraudulent behaviour

\$billions more lost through client and customer losses?

"Corporate scandals are eroding trust in senior leaders and will have a damaging impact on employee engagement" CIPD

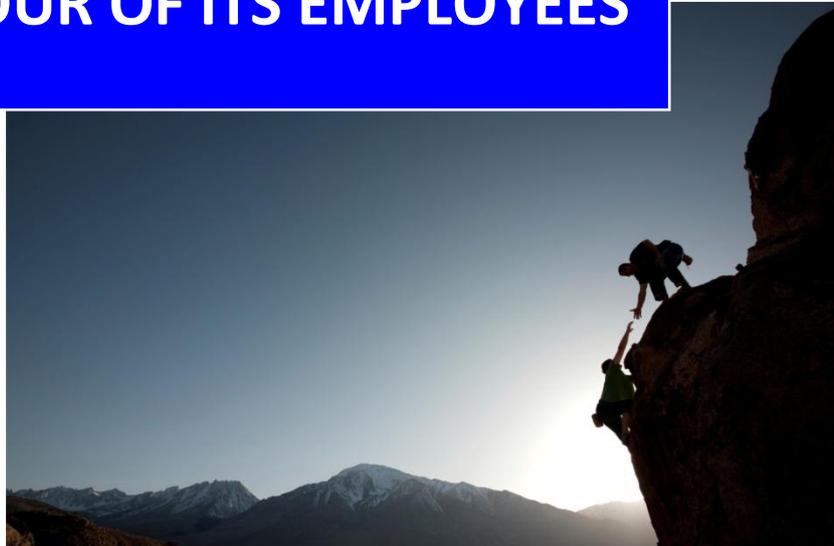
"Only 36 per cent of workers trust their top leaders"

"The whole City must work to rebuild the trust destroyed by a rotten few"

"Building trust in senior leaders and employee engagement requires a shift away from traditional command and control styles of leadership to a distributed leadership model where managers at all levels have the ability to win hearts and minds, and get the best out of their people in the service of the organisation." Peter Cheese, Chief Executive at the CIPD

"A new study shows that sustainable values-based banks, which base their decisions first and foremost on the needs of people and the environment, are outperforming traditional mainstream banks in many areas"

"Non-executives could surely see that banking cultures had become too bonus hungry at the expense of clients and shareholders."



Damages to an organisation's customer loyalty, reputation and bottom line can be substantial when high profile management issues and unethical behaviour become public. Additionally, many of the events of the last few years in Financial Services have highlighted that areas of risk have the potential to go unnoticed by senior management until a major event happens.

Could your organisation's working environment unintentionally encourage employees to take unnecessary risk, hide mistakes, manage only good news upwards, or concentrate on their own benefits rather than those of the organisation and customer?

Codes of Conduct/Ethics and policies & procedures may be standard in most organisations, but Boards will also benefit from understanding whether their behaviour (and that of their leadership team) may be contributing to reducing risk or actually increasing its potential.

**THE PROGRAMME TO UNCOVER
YOUR ORGANISATION'S
ETHICS AND BEHAVIOURAL RISK**

DO YOU REGULARLY ASK THESE QUESTIONS?

Board members can review their current ethics and behavioural risk status by asking themselves the following questions:

- Have projects/initiatives failed and the Board been unaware of the extent of the issue until too late?
- Do Board members have questions about events/processes/errors and have yet to find a satisfactory explanation? Do they have a concern that they might not be getting the full story?
- Have error rates increased?
- Are the Board surprised by customer feedback which doesn't tally with internal information/KPIs?
- Could the remuneration package include incentives that reward the wrong behaviour (eg targets that encourage a focus on the reward for the individual rather than the best option for the organisation and/or customer)?

Assessments regarding the Code of Conduct/Ethics and processes and procedures are vital to get a better understanding of the internal practices of the organisation, and where there are potential gaps and development areas. However, these are unlikely to uncover the deeper insight into individual effectiveness of leadership and communication, and to review how developing these skills can encourage a step change in awareness and managing risk.

MANAGEMENT EFFECTIVENESS

Whistle-blowing may be encouraged in the Code of Conduct/Ethics, but a blame culture or belief that their job is at risk can make employees uncomfortable with making mistakes. When mistakes happen, they can feel it's necessary to shift blame, hide the true extent, or try to resolve it without raising the seriousness to their line managers. This in turn can cause longer lasting damage or increased costs in time and money to achieve the necessary resolution.

The management teams are themselves one of the most significant risks to the organisation, if they are not providing the knowledge, emotional intelligence, humility, culture and self-confidence to lead their teams and projects effectively. The organisation's potential is undermined if there is a lack of involvement and commitment, uncaring attitudes or disrespectful leadership styles.

The Institute of Business Ethics and the Chartered Institute for Securities & Investment have developed "Investing in Integrity", a Charter Mark designed to enable an organisation to reassure all its stakeholders -employees, customers, suppliers, shareholders and the general public - that it's business can demonstrate a commitment to act with integrity at all times.

In addition to these reviews, a deeper understanding of behaviour and the attitudes of all employees will help to embed an ethical culture for future success.

What are your customer complaints highlighting to you about your organisation's culture?

Do your customers trust your organisation?

Do the employees trust the senior executives of the organisation, as they encourage an attitude and culture that puts the customer first?

Have you tried everything and still concerned about risk?

A PROGRAMME TO UNCOVER ETHICS AND BEHAVIOURAL RISK

This programme combines a series of internal reviews with 1-2-1 or workshop style coaching for Executive/Board members based on the specific findings.

INTERNAL REVIEW (tailored, but optional) could cover:

- ☑ Interviews with an agreed sample of managers at different levels in the organisation to ascertain management concerns, attitudes, preferences and behaviour in respect to ethics and risk management. This would provide a “vertical” slice down the organisation to compare the perspectives held at each level.
- ☑ Review of internal operations and risk analyses
- ☑ Review of external audit reports
- ☑ Exit interviews (one month after employees have left the organisation)
- ☑ Customer Complaints analysis



COACHING PROGRAMME

For each Executive/Board member, the programme would then provide a review of their personal communication and behaviour towards ethics and risk awareness in their organisation, and how this

in turn could be affecting their employee’ and their management teams’ behaviour, including:

- ☑ Self awareness review: do they understand their preferences, beliefs and behaviours? How do others see them, and does this encourage or discourage open communication?
- ☑ Encouraging honesty, integrity, trust and fairness: setting expectations for themselves and the management teams.
- ☑ Identifying behaviours that motivate or de-motivate employees.
- ☑ Rewards as motivators: Rewards motivate people to get rewards, and discourage the creativity, innovation and skills to take the organisation forward.
- ☑ Open and effective communication: different communication styles and needs, encouraging review and discussion of all issues and for mistakes to be highlighted immediately.
- ☑ Attitude to mistakes: do they encourage mistakes and appropriate risk taking? Assessing whether the organisation has a “blame culture” where mistakes are frowned upon and people are always on the lookout for a scapegoat, or mistakes should be covered up or, if it’s absolutely necessary, a “positive” spin relayed to senior management.
- ☑ Encouraging responsibility: are managers encouraged to question the norms and take responsibility for the whole process/customer experience, or only to their specific departmental boundaries?

Additional OPTION for this to be extended beyond the Executive/Board members to other specified management levels.

RETURN ON INVESTMENT

As standalone, or following a review (such as “Investing in Integrity”), this comprehensive programme will provide the Executive/Board with a deeper understanding of their attitudes, preferences and behaviour in respect to ethics and risk management.

With changes to the organisation’s culture, there is potential for reducing risk of error, complaints and operational fraud, with associated client and company losses.

The 2009 Trust in Business survey showed that companies with self-assessed high levels of leadership capability, collaboration, and trust enjoyed a premium in their stock’s price/earnings ratio of over 25%. In 2012, findings show that high-profitability companies are twice more likely to have high involvement cultures than low-profitability companies.

Organisations have policies and procedures and numerous management information reports looking at risks of error, fraud, customer complaints and regulatory requirements, and many more. This complementary programme will provide the Board and management teams with a greater awareness of their role, responsibilities and influence on the culture and ethical behaviour of all employees, to help manage risk effectively.

FOR MORE INFORMATION

If you are interested in finding out more about this programme, its content or how the benefits could relate to your organisation, please use the following contact details:

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ABOUT US

Karen is the founder of Assiem Ltd Executive Coaching, which provides individual and team coaching to managers and senior managers to help them become inspiring and motivational leaders, improve their team's results through difficult changes, and become re-engaged with the organisation so that they want to stay even when the market picks up. She is a certified practitioner of MBTI® and Neuro-Linguistic Programming.

Karen has over 20 years' experience up to Director level in operational management, client service and in management consulting. Established across the Financial Services industry and with blue chip/FMCG companies, Karen has a proven track record of delivering high standards of client service, productivity and efficiency improvements and operational risk awareness (including increasing productivity by 20%, customer satisfaction by 14% and tenure by 26%). Having managed small to large complex teams, Karen has been involved in developing leadership skills, communication skills and executive coaching to team members, new managers and senior management.

Working with Fidelity Investments for nearly 12 years, and for companies such as Coca Cola, Premier Foods, Buena Vista, Tropicana, Kraft, Neuhaus, Harper Collins, Allied Domecq, Bass and EMI, Karen has first-hand experience of the challenges and demands faced by managers in the high pressured environments of today's organisations.

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