Giving employees the tools to make the right decisions in difficult situations
JOHN FONS
Director Global Compliance & Ethics
Modine Manufacturing Company

John Fons is a member of the Society of Corporate Compliance & Ethics; the Ethics & Compliance Council of the Manufacturers’ Alliance for Productivity & Innovation; and the Corporate Compliance Committee of the American Bar Association. He has been an Adjunct Faculty member of Marquette University’s College of Business Administration. He has been an Adjunct Faculty member of Marquette University’s College of Business Administration. He has been an Adjunct Faculty member of Marquette University’s College of Business Administration. He has been an Adjunct Faculty member of Marquette University’s College of Business Administration.

MARC KARTMAN
Vice President, Associate General Counsel and Ombudsman
Rockwell Automation

Marc G. Kartman is responsible for advising employees in all aspects of labor and employee relations. In addition to his legal duties, Marc has been the company’s Ombudsman since 2000. As Ombudsman, he ensures not only that employees understand the company’s standards of business conduct through training, but provides employees the means to report possible violations of Rockwell Automation’s Code of Conduct and ensures that any such allegations are investigated and appropriate action taken.

ANN MARIE WICK, CPA, CIA
Senior Director, Global Compliance
Briggs & Stratton Corporation

Ann Marie Wick is a global Finance and Compliance executive with more than 20 years of external audit, internal audit, and global compliance expertise in manufacturing, consumer products and technology services industries. With personal experience working on six continents, she was recently recruited to develop and lead the Global Compliance function for Briggs & Stratton Corporation. In this role, Ann Marie is designing the corporation’s program to ensure compliance with global anti-bribery and anti-corruption legislation.

PRAVEEN PARBOTEAH, PH.D.
Director of the Doctorate of Business Administration
University of Wisconsin - Whitewater

K. Praveen Parboteeah, Ph.D. is the inaugural College of Business and Economics Distinguished Professor and Director of the Doctorate of Business Administration program at the University of Wisconsin – Whitewater. He is also a judge for the Wisconsin BBB Torch Award. He co-created a mandatory business ethics course for management undergraduate students. He also started the popular “Business Ethics week” event in the College of Business where industry business ethics experts come share their experiences with students.

CONGRATULATIONS TO BRIGGS & STRATTON CORPORATION
WINNER OF THE 2015 BBB INTERNATIONAL TORCH AWARD FOR MARKETPLACE EXCELLENCE

CONGRATULATIONS TO ROCKWELL AUTOMATION
WINNER OF THE 2012 BBB INTERNATIONAL TORCH AWARD FOR MARKETPLACE EXCELLENCE
PRAVEEN PARBOTEAAH (MODERATOR): Why is an ethics program important in your company?

MARC KARTMAN: It is important for a lot of reasons. Employees want to work for an ethical company. Customers want to work with an ethical company. It is important to shareholders if you are a public company. And then there is the legal risk.

JOHN FONS: Sustainability. There is a correlation between the age of a company and its ethics. The reason our company has lasted 100 years is because we have done things the right way.

ANN MARIE WICK: In addition to protecting your company brand, retaining the best employees and being a good partner with your vendors and customers, your commitment to ethics extends to serving the communities in which you work.

MODERATOR: We always hear of the tradeoff between the law and ethics. Is avoidance of legal problems more critical than doing the right thing?

KARTMAN: No. Your primary focus shouldn't be legal, but you can't ignore it either.

WICK: At Briggs & Stratton, our integrity philosophy is not driven by legal. It is led by our senior executives and driven throughout the organization through our Integrity Steering Committee. I am a CPA, and only one of the two dozen people on our integrity steering committee is an attorney.

FONS: Early ethics programs were extensions of the legal department. Now they are part of the corporate strategy. Ethics is not what we do to keep out of jail. It is what we do because of who we are.

MODERATOR: There are many reasons why companies have ethics programs. Do you think employees are the most important reason for having an ethics program?

KARTMAN: If you don't have talented, ethical people, you won't be able to grow your business.

WICK: Ethics is important for recruiting and retaining the best employees. People spend most of their day at work and they do not want their personal brand tarnished by their employer. Our customers, vendors, and other stakeholders are also important. We want to ensure they also place a high value on ethics.

FONS: It is also about sustainability. If you want to stay around as a business, you are going to have to build relationships on trust.

MODERATOR: What are the key components of an ethics program?

KARTMAN: Integrity. It starts with that. We have a code of conduct that is translated into 15 languages and we have annual ethics training that everyone takes, including the board of directors. Ethics is not the responsibility of a single department but the responsibility of all employees, especially our business leaders. If there is an ethics problem at Rockwell Automation, I am not the one who is going to get called into the CEO's office.

FONS: Every organization has a culture. It is inevitable. You either define that culture or it is defined for you. We are very process oriented. Our philosophy is that a problem is not really a problem because we can fix it. We make sure people feel comfortable raising issues because the real problem comes when we don't know about problems. I want to have 7,500 co-workers in the field telling me what is going on.

WICK: You cannot push ethics out from corporate. You have to develop resources that can help all employees answer the difficult questions and make these resources available throughout the company. We are working on function-specific training because, for example, colleagues in marketing and sales have different ethical challenges than those in purchasing or finance. We are developing scenarios for the specific types of issues to which they are expose. We expect our employees to self-evaluate themselves on integrity. Every employee has a mid-year and annual performance review which includes an evaluation of executing against our cultural attributes. The first of these attributes is integrity.

MODERATOR: Enforcing a consistent ethical program can be challenging in a global environment. How do you approach ethics in different countries?

WICK: Make sure the messaging is consistent but use local language, local personnel and local examples. A local office leader delivering the integrity message is very effective.

KARTMAN: People in other countries may have different cultural norms. In China, for example, culturally the right thing to do is to look out for extended family and friends, which may include steering business to them. You can't tell them it is unethical. You have to educate them about your rules on conflicts of interest, and let them know that they have to abide by those rules in order to work for you.

MODERATOR: Earlier we talked about the employee aspect of an ethics program. How important is the recruitment aspect of ethics?

FONS: People ask where you work. If you work with a company that has real problems it can be awful. You want people to feel good about your company.

KARTMAN: To that point, I imagine there are a lot of people in Germany who don't want to say they work for Volkswagen right now.

WICK: Applicants ask questions about company ethics and values in the interview process. Invariably, people ask about our culture. There is a trend that young professionals do not plan on working for the same company for 30 years. They want to make sure your company is a good fit on their career path.

FONS: At the same time, if the employee likes your company and finds it to be a good fit, they may stay 20 or 30 years.
MODERATOR: Some of your companies have won the Torch Award. Did you realize any tangible benefits from winning it?

KARTMAN: It is hard to say if we realized something tangible, but to be branded as one of the most ethical companies is a good thing.

WICK: It is an external validation, a benchmark.

FONS: To Marc’s earlier comment, it is not the destination, but the journey. Most companies don’t win on their first application. It is about getting feedback from the judges on how you are doing as a business.

MODERATOR: Can you put a value on ethics?

WICK: That is like putting a value on your brand. It’s hard to say whether an ethical company adds 10 or 20 basis points to your value, but you can measure how companies have financially suffered when they have ethical issues.

FONS: We have companies that compete with us. Their products are good and their prices are comparable, so how do we distinguish ourselves? Our customers need to know that we will be there for them and that we will do the right thing. That keeps them coming back to us.

KARTMAN: An Ethisphere study found that companies that won their award have outperformed the global market index by 40 percent since 2007.

MODERATOR: I have been teaching 15 years and every time there is a new example of a company acting unethically, I am hoping it will be the last, but it is not. Why do companies still break the rules?

KARTMAN: At the end of the day, human beings are not perfect and don’t act properly every time. You just have to make sure that people understand that behaving that way is not appropriate. You have to have the right culture and the right policies. There is no silver bullet, but if you walk the walk you are less likely to end up with problems.

WICK: Good people make mistakes. You have to ensure resources are available when they face difficult situations. If your only focus is money, don’t be surprised if people cut corners. As our CEO has stated “Do the right thing, not just the easy thing.”

MODERATOR: Start-up companies often have limited resources. How can you help them understand the long-term ROI that an ethics program brings?

KARTMAN: It’s really just common sense. Does anyone think that an unethical company will outperform an ethical company over time? Who would want to work for an unethical company? Who would want to invest in an unethical company?

MODERATOR: What advice would you give companies looking to start an ethics program, including first steps and pitfalls to avoid?

KARTMAN: If you are a small company, I would recommend starting with the Better Business Bureau. They can provide a lot of help and put you in touch with other companies like yours who have a successful ethics program.

WICK: Start out simple and lead by example. People are going to watch what the CEO and senior leaders do.

FONS: Be intentional. Take the time to sketch out your policies on paper. You have to spell it out so people know your expectations.

MODERATOR: What role does the Better Business Bureau and its Center for Character Ethics play in this process?

WICK: We take great pride in winning the International Torch Award, but we also take great pride in being members of the Better Business Bureau. You walk in our front lobby and you are going to see the Better Business Bureau plaque. We want people to know we belong to such a reputable organization. It holds us to a higher standard and helps us to continually improve.

FONS: The Better Business Bureau does several things really well. They provide opportunities for collaboration with people who have gone down this path. You can follow someone else’s footsteps instead of having to break ground yourself.

KARTMAN: Especially if you are a smaller organization, the local Torch Award can be an important destination. Like most things in life, the journey to the destination is more important than the destination.

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