

# A recipe for a code that's m'mm m'mm good

In the wake of the Sarbanes Oxley Act of 2002 and amendments to stock exchange listing rules, corporate codes of business conduct and ethics have become a cornerstone of many companies' compliance and ethics programs. I've had the privilege of working on three codes—one each for three different multinational companies: Crompton Corp., Adecco USA and Bausch & Lomb Inc. Everyone who has drafted and published a code has their own "recipe." Here's mine that you're free to use the next time it's your turn to "cook."

## Ingredients:

- A core drafting team (3-5 people)
- Engagement of personnel in key company functions
- Engagement of senior management team
- Multiple small focus groups of employees (10-15 people each)
- Graphic designer and printer
- An implementation, training and certification plan
- Several heaping helpings of elbow grease
- A secret ingredient—to be revealed at the end of this recipe

1. Assemble the core team in a room with a blank sheet of paper or a white board and record their answers to the following three questions:

- a. What business purposes should the new code serve?
- b. What characteristics must the code have to achieve these business purposes?
- c. What topics must the code address to achieve these business purposes?

The answers to these questions will serve as the framework for the first draft. Although they will vary significantly from one company to the next, here are some tips you and your core team might consider



## BUSINESS ETHICS

Jim Nortz

when answering each of them:

### a. Business purpose

It is vital for the core team to recognize at the outset that a business code is not intended to start a new religion or branch of moral philosophy. It is a business document that must be specifically designed to help run your business better. Examples of possible business purposes include:

- Meet legal requirements, e.g. SOX, Federal Organizational Sentencing Guidelines, stock exchange listing rules
- Raise awareness about key compliance and ethics risks
- Encourage employees to seek assistance with difficult legal/ethical issues before acting on the company's behalf

■ Provide management with a tool to establish a common set of beliefs/values with the object of establishing a strong, enterprise-wide ethical culture

■ Communicate to the world what the company stands for with the object of improving stakeholder trust in company

■ Generate employee pride in company and greater employee loyalty

### b. Code characteristics

In answering the second question, the core team should focus on the basics like the code's length, size, shape and anticipated shelf life. In performing this work, find and review several dozen codes to get an understanding of the approaches oth-

er companies have taken. The core team should also consider ideas about how best to "season" your code to fit well with your company's history and character.

### c. Code topics

In answering the third question, keep in mind that, if you are a publicly traded company, SOX and stock exchange listing rules mandate that your code address certain topics. If this is the case for your company, you need to study these requirements and then consider what, if any, other topics your code should address. If uncertain about what these should be, see your answer to question "a" above.

2. Use the answers to the three questions to write the first draft. Then circulate the draft for review and comment to the following groups in the order presented below:

- The core team
- Functional groups (legal, accounting, human resources, quality, regulatory etc.)
- Senior management team
- Employee focus groups

Be sure to not skip this step! It is this exercise, as painful and time-consuming as it may be, that will give your code the "flavor" it needs to be successful. If done right, you will ultimately be able to say that your code truly reflects a consensus view as to how your company should be run—rather than being just another "unappetizing" edict "force fed" to all employees from corporate headquarters.

3. Engage the services of a graphic designer and a printer. Although this may seem like an unnecessary frill, don't underestimate the power of graphical images to communicate important messages—not the least of which is that your company really takes its ethical obligations and

commitments seriously. In addition, if done well, it is the "sugar" that will help the "medicine" go down.

4. Develop and distribute a "tool kit" to managers along with stacks of your new code. This tool kit should include talking points, frequently asked questions and answers, and similar materials to help managers "feed" the code to employees. Focus on helping managers understand how they can use the code as a practical management tool by making it a regular part of the employees' "diet."

5. Establish and implement live and online training programs to explain what your code says and how it relates directly to employees' daily work lives. Also establish an annual or semiannual certification program in which all employees affirm that they have read, understood and will abide by the Code. ("Cooking" tip: If your company is large, avoid paper certifications—they can be a nightmare. Electronic certifications are the way to go.)

6. It's now time to add the secret ingredient, without which all your efforts will be wasted—strong, unrelenting, consistent, honorable, ethical leadership. Absent this key ingredient, your code will merely be a "quick snack" rather than the continuing "banquet" it needs to be.

Nutritional facts: Rich in values and company pride. Serve continuously to keep your company's "fat" out of the fire.

*Jim Nortz, compliance director at Bausch & Lomb Inc., is a member of the Rochester Area Business Ethics Foundation and serves on the board of the Ethics and Compliance Officers Association. For more information about RABEF, visit [www.rochesterbusinessethics.com](http://www.rochesterbusinessethics.com). Jim Nortz can be reached at (585) 260-8960 or [james.a.nortz@bausch.com](mailto:james.a.nortz@bausch.com).*