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# Bringing out the best in your company

BY JAMES E. LUKASZEWSKI

*Editor's Note: This is a presentation given by James Lukaszewski at the Minnesota Business Ethics Awards on May 21, 2015.*

**G**ood afternoon, everyone. I bring you a story. The main player in our story is George White. He was the 61-year-old chief executive of a Fortune 500 medical products manufacturer when we met.

George came to his company right out of college and within a few years became the Senior Vice President for Sales and Marketing. Eighteen years ago, he was promoted to Chief Executive, the office held when we met.

The occasion for meeting George was his likely indictment by a federal Grand Jury along with several other employees for adulterating a class of medical products. Their main production facility on the East Coast had been raided by the FBI a few days earlier.

This story begins with a call from a friend of ours who owned a medium-sized PR firm in New Jersey. He asked if I would talk to one of his client's companies who had just been raided by the FBI. He called me because he loved doing product publicity, visibility, great healthcare stories, and good works.

He was really uncomfortable with people carrying shot guns and wearing jackets that said FBI on the back. He knew that I



loved the tough stuff, scary stuff, which was true. Initial meetings like these are usually pretty tense, perhaps a little irritable. The only one who wants to be in the room with me is me. The client's usual greeting is, "I've heard about you (people like you, you people), and I'm not sure I really want to meet you."

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But we proceeded anyway.

The first meeting with George turned out to be quite cordial. George is a gregarious Irishman, a great golfer, and salesperson. We both knew why the meeting was taken. The Justice Department made it quite clear that if they could, George would be the first person indicted. The DOJ loves sending messages whenever possible to active and potential offenders and perpetrators.

The case would revolve around illegally altering medical products—the legal term is adulterating—resulting in the deaths of at least two people, more than a dozen people requiring surgical repair, and more than fifty patients who experienced product failure but safely recovered.

The original indictment alleged several hundred felonies. Six other employees were also indicted.

I agreed to work for the company for two reasons. I was interviewing them as diligently as they were interviewing me. In the process, I

met with a special committee of the Board of Directors and was convinced they were going to get to the bottom of all of this. The company hired three top American law firms to work on various aspects of the case, including an outstanding firm of criminal lawyers based in Washington DC.

The next time I saw George was the morning after the day of his indictment. He was cleaning out his desk. I offered to help. He had just returned from Federal Court in Boston. I asked him how it went. He said his lawyers had arranged for him to surrender to the court, rather than being publically arrested.

He was read his rights, strip-searched, fingerprinted, photographed, put in a bright orange jumpsuit with the word "prisoner" on his back in 8-inch-high black letters, manacled, and placed in a holding cell with perhaps a couple dozen others similarly attired and chained.

He stayed in that cell for much of the day and was brought into court for his arraignment late in the afternoon. He was the last arraignment in his group. Apparently, according to George, federal authorities were going to make an example of him at every opportunity. He pled "not guilty," was released on his recognizance, and he went home.

George had flown to Boston on the company jet but returned to New Jersey on a commercial flight. He had flown on their corporate jet for the last time. The moment the indictment was issued in Boston, George was suspended with pay and was required to move off corporate premises.

As we talked, he continued putting his things in boxes. I volunteered to help him carry his stuff out to his car. As he popped the



trunk, he looked at me and said how relieved he was to have finally been indicted. The process had dragged out over two years.

I looked at him somewhat incredulously and said, “Relieved about what, George?”

He talked about the free time his suspension would give him which he could use to help all those organizations he had given money to over the years, but nothing else.

My response to George was that he was likely going to be very busy figuring out how to stay out of jail. I then told him that I would meet him and his wife at his new off-property office the following morning to call all those organizations and resign whatever offices or positions of responsibility he might be holding, even offer to take the corporate contributions back if it was felt necessary under the present circumstances. None of these organizations could logically or legally have a prospective felon in any position of responsibility.

I think that’s when the tears started.

The legal process lasted close to six years. During the trial a rather typical corporate scenario unfolded.

It was a story of mismanagement, misunderstandings, bad decisions, good people and bad people acting together, consciously

ignoring ethical principles and legal restrictions, obeying the questionable instructions of those in charge, willfully ignoring the very clear and explicit rules and regulations prohibiting the unapproved alteration of medical products.

This tragedy began the way many of these scenarios often do, at the top of the organization. Someone up top, maybe feeling extraordinary competitive pressure, or just wanting to beat the competition, sent out word to “do whatever it takes” to keep sales up, costs down, and customers satisfied. This simple command led to the company’s prosecution and conviction.

At the time, it was the largest product adulteration fine in FDA history. Six people did go to prison; when it became obvious that the Justice Department simply couldn’t hold up the charges that got George indicted, George was acquitted by the judge. He left the courtroom, went home, and retired the next day.

At the trial’s conclusion, I helped draft the company president’s allocution—fans of *Law & Order* will recall that this is a part of the trial where the perpetrator takes a guilty plea, but still must say out loud in open court

the nature of the crime and take responsibility for it. This is also the part of the trial where the victim's families and survivors speak directly to the court to put the tragic stories of their loved ones on the record, and talk directly in the faces of the perpetrators.

As I recollect, the allocution was around 2,000 words and was a detailed oral admission to the counts in the indictment. The allocution process is pretty straight forward. If you want the deal, you have to say the words out loud, in public, no matter how painful or embarrassing they might seem to be.

The Boston Federal Court noted as a part of its sentencing opinion, "the pervasive and powerful corporate culture which exalted the value of profit above the value of human life." The FDA commented similarly that there was not a single public whistleblower in the case, and that the officers and management of the company were "morally responsible for a corporate culture which placed potential profit above the value of human life."

The company was put under very rigorous supervision for four years. Its Board established a new Regulatory Compliance Subcommittee; a new position, Senior Vice President for Scientific Affairs, was established to oversee all regulatory activity, and the company's compliance apparatus was entirely overhauled. I continued to work for several years with the Office of Scientific Affairs, establishing a new compliance program and structure.

At the end of the trial, I do recall a meeting that involved the principal attorneys, consultants, and others, including the new Senior Vice President for Scientific Affairs. The



meeting began with the president, who didn't like me, essentially congratulating the team. He talked glowingly about everyone, except me. When he did get to me he said, "And then there is Lukaszewski. Jim, whenever you are around it feels a lot like Sunday school."

My response, in all seriousness, was, "Bill, if my company had just pled guilty to nearly 400 felonies, a little Sunday school is probably in order, don't you think?" Everyone laughed—except Bill.

He left the company shortly thereafter; I continued working with the company throughout its period of supervision. My role was to help design a wide variety of communications tools and techniques that would help the Senior Vice President for Scientific Affairs achieve the plea objective to seriously alter the culture of the company to prevent similar occurrences in the future.

Over the years I've been engaged with a number of similar scenarios—some involving loss of human life. These cases have very similar *patterns* of failed leadership behavior

and inadequate or ineffective organizational response. Here are some of the elements of these patterns:

- Ethical problems in organizations generally start at or near the top. If they don't start near the top, questionable and bad decisions become endorsed by the top through silence or because these behaviors or decisions go unchallenged.
- Ethics violations and problems are rarely the fault of junior people. It is often the junior people who first raise the alarm but get squelched by their "more seasoned" colleagues who caution against rocking the boat.
- It's pretty much smart people who create or permit ethical problems.
- Silence is the greatest promoter and protector of unethical behavior.

Most of my professional life has been engaged in the understanding, teaching, interpretation, and enforcement of ethical practices.

For 22 years I was a member of the Public Relations Society of America's National Board of Ethics and Professional Standards (BEPS). The Board's purpose is to educate, inspire, motivate, and demonstrate appropriate ethical behavior and explore ethical dilemmas. I remain active, working with BEPS as its first emeritus member.

BEPS main targets are practitioner problems, public relations students, and younger practitioners. And while there is interest by

students and younger practitioners, my experience has driven me to consider a different Ethics Education approach that turns out to be much more challenging.

Working across a broad range of ages, beginning around mid-to-late teenager status to extremely senior, highly educated and successful leaders, has taught me two very powerful truths, which are the major drivers of this presentation:

1. The highest level of ethical clarity in a person's life seems to occur between the ages of 19 and 26. This seems to be a time when an individual knows everything more than anybody else, including their parents. The world seems to be largely black-and-white. Parents enter the NPR zone (not presently relevant) around age 15 for girls and 17 for boys...Boys are always slower.
2. It is between the ages of 30 to 49—that time when one's career begins to move ahead, even take off—that they begin moving through a period of incremental de-ethicization. That is, regularly making small compromises to facilitate the personal advancement process. It seems as though one's career progress requires that many prior clear and sharp decisions made are now gently, minutely, and relentlessly modified.

The lesson for me has been that the time for extraordinary re-emphasis and re-clarification of ethical behavior principles and ideals is in that midlife range. I believe that it is at this





stage that leaders need to rethink and redirect the ethical emphasis to help those now in career acceleration mode better preserve, protect, and defend their ethical sensitivities rather than allow the corrosive, incremental de-ethicization that occurs during this time period. This is among the biggest challenges to leadership.

It is the most important work of leadership. I'm speaking to every senior executive in this room when I say that this is your personal responsibility, the protection, support, and defense of the ethical values of these up-and-coming executives.

What makes this particular case so interesting is that literally all the people I got to know in George's company were astounded that the company got in so much trouble. That people died. Even those who worked in the affected divisions seemed genuinely shocked and embarrassed that they or those they knew did not come forward.

Even after publishing and circulating the company's plea agreement the employee reaction was, "Okay, that's the government story. What's the real story?" In other words, "This can't be true...not where I work."

One of the most insidious circumstances is that bystanders are willfully blind to what's

going on, generally believing that in their own words, "It can't happen here," even if it's going on in the next cubicle.

One supervisor's comments stood out in my mind from the many transcripts I reviewed.

She said, "We were so with the program that we failed to anticipate that something could go wrong." "When there were problems we marketed anyway and repaired on the fly." "Those who did ask tough questions or make waves wound up in company political hell."

Today, this company is thriving, saving lives, developing medical products that help

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provide better medical outcomes. They are still in the Fortune category and like so many healthcare-related companies have survived a variety of civil litigations. They remain occasional clients, mostly related to monitoring the visibility of civil cases.

The case lasted six years and because this was a truly good company. The pain and shame they so rightfully suffered revealed some extremely powerful truths, especially about leadership. I came to call these lessons, "The Ethical Expectations of Leadership."

They are based on the notion that the leadership of every organization must implicitly and explicitly recognize the ethical expectations of its leaders by everyone else inside and outside the organization. If you seriously examine the expectations of employees, stakeholders, customers, regulators, and others connected to an organization who want leaders to act ethically, this list or something very close will emerge.

**1. Find the truth as soon as possible:**

Tell that truth and act on it now.

**2. Promptly raise the tough questions and answer them thoughtfully:**

This includes asking and answering questions yet to be asked or thought of by those who will be affected by whatever the circumstance is.

**3. Vocalize core business values and ideals constantly:**

Most core values are a set of ideas thought up on a management outing, brought in on the back of a clubhouse napkin, then printed and posted without another word being spoken.

**4. Walk the talk:** Live the values, help people understand the organization through examples that demonstrate the context of its values and ideals at every opportunity.

**5. Help, expect and enforce ethical leadership:** People should be watching, people should be counting, people should know when there are lapses in ethics. When trust is broken, employees

can safely bring ethical problems to the attention of leadership or their immediate supervisors.

**6. Be a cheerleader, model, and teacher of ethical behavior:** Ethical behavior builds and maintains trust. In fact, to have trust in an organization requires that its leaders act ethically constantly.

**7. Clearly convey that Core Values matter as much as profits.**

Whether George was truly innocent or guilty was something I was never privy to. After his acquittal we never spoke again. But I have seen over the years that guilty criminals, including senior executives and an occasional CEO, even the toughest ones, cry when they are finally caught...and confronted with their ethical blind spots and subsequent crimes.

Will Durant, in his book *The Story of Philosophy*, defined the study of ethics within the context of philosophy as “the search for ideal behavior.” Lots of definitions of ethics float around these days, but this particular definition is extremely relevant as we recognize the heroic companies today’s program honors. They clearly meet the ethical expectations of leaders. Congratulations to all of you. ■

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