College Admissions Scandal: Lessons for Other Industries

What we know:
- Unexpected ethical lapses expose organizational blind spots
- We are still only as strong as our weakest employees
- Reputational risk has exponentially increased

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Overview
- Scandals while salacious and driving headlines, are often rich learning environments.
- The College Admissions scandal particularly exposes issues around:
  - Exceptions Management
  - Human Nature
  - Reputational Risk / Collateral Damage
- Lessons come with great visuals and headlines!
The key criteria for college admissions

Parents changed:
- Helicopters and lawnmowers
- Pressure for children to succeed
- Social media world

Schools changed:
- Economics of athletics
- Admissions criteria pressures
- A gap in controls was exploited

What actually happened?
Lesson 1: Water finds its own level

Lesson 2: Unintended consequences
Lesson 3: Who measures exceptions?

Lesson 4: Nobody expects the inquisition
Lesson 5: Who are you going to call?

Lesson 6: Who gets the blame?

Number of Individual Instances of Falsified College Athletic Recruitment

1 UCLA
1 UNIVERSITY OF SAN DIEGO
1 STANFORD UNIVERSITY
4 GEORGETOWN UNIVERSITY
16 USC
Lesson 7: a good idea at the time ...

Lesson 8: The right path forward
How do we apply the lessons?

- Speak with clarity – too many education institutions ran athletic recruiting through a black box – where are your black box exposures?
- Model for what could happen, not what everyone hopes will happen – B School lesson 101.
- Look for “special situations” – it is not that they cannot exist, but the risks mitigation and control programs need to be robust.

Recap

- People will exploit opportunities when it is in their interest to do so.
- Processes and Procedures should be built on solid ethical expectations.
- Exceptions should be limited and placed under a risk weighted review.
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Questions and Discussion

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