Five Ways to Promote Ethics in Your Organization
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by **Larry Checco**, on 7/1/08 8:00 AM

As a professional who consults with organizations on how to raise the visibility and value of their brands, I'm always stressing with my clients that a brand is not a cosmetic you apply to make your organization look pretty. Rather, a brand is nothing less than your DNA; it's a true reflection of how healthy, or unhealthy, your organization is from top to bottom—including its ethical behavior.

Unfortunately the ethics standards at many of the nation's nonprofit organizations are declining, according to a recent report by the Ethics Resource Center. Rates of observed misconduct, including financial fraud, by nonprofit employees are at the highest level since ERC began measuring in 2000, with nonprofits faring little better than the public and private sectors. (For a copy of the full 2007 National Nonprofit Ethics Survey, log on to theEthics Resource Center.)

So what is a nonprofit that wants to operate on a high moral and ethical plane—and keep its brand strong and healthy—to do? Here are some suggestions:

1. RECRUIT AND HIRE WELL

How often have you heard "We need to recruit board members of affluence and influence"? I contend that if the portfolios of board members don't include wisdom and integrity, their affluence and influence often translate into a liability rather than an asset. And the record shows many an organization enduring much pain because of poor (for lack of a better word) board leadership.

But it is leadership at all organizational levels, including management, that establishes the organization's corporate culture. A nonprofit's leaders should provide both example and oversight when it comes to moral and ethical issues, circumstances and decision making.

2. EDUCATE STAFF ABOUT WHAT'S AT RISK

Believe it or not, many people don't understand what's at risk if they don't perform their jobs in an ethical, accountable manner. And ethical lapses are easy to make, especially when the corporate culture gives a wink and a nod to unethical behavior.

What's at risk? Just about everything. Think Enron, Arthur Andersen, World Com, Global Crossing, and a slew of others, including numerous nonprofits that have suffered greatly because they failed to understand the risks of questionable or unethical behavior. We'll refrain from mentioning names here, but if you follow the sector you know who they are.

3. BE TRANSPARENT ABOUT YOUR FINANCES

Ever since Deep Throat told Bob Woodward to "follow the money," scrutiny surrounding financial malfeasance has only intensified. Be sure that you can account to your funders for how your organization spent their money; better yet, how their gifts made a difference in helping you achieve your mission.

Poor bookkeeping is no excuse. Hire a certified accountant, if necessary.

4. SPEAK TRUTH TO AUTHORITY

Create a corporate culture in which employees feel free to speak truthfully to management.

Surveys show that a large percentage of employees who see misconduct don't speak up either because they believe their superiors won't take action or fear that they will face retaliation if they report what they saw. This hesitation tends to create an unhealthy, at-risk work environment.

5. LEGAL SHOULD NOT BE THE LITMUS TEST

There's a difference between what's legal and what's ethical, and it is up to an organization's leadership to understand what that difference is. If you're sitting around a conference table trying to split hairs between the two, don't go to your legal department for a resolution to your dilemma. They're being paid to find you a loophole. Rather, ask yourself, "What would my mother think if this decision we're about to make finds itself on the front page of the local newspaper or on the 6 o'clock news?"

Let's strive to give people something to believe in again!

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