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Moments of Truth: Educational tools for codes of conduct training

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The value of 'read and understand' training and the negative effects it can have on an organisation are now starting to be realized. 'Read and understand' is a learning delivery method that assumes that employees will understand a process or procedure simply because they have been given something to read about it. Although this modality of training has some application, this is not universal and should not be used as a default for training. Other more effective alternatives, such as learning in the moment, can provide employees with an on-going source of practical training and education that are not arduous and serve as examples of how to actually use the information they have gained.

This article introduces Moments of Truth as an educational/training aid for enhancing familiarisation with the code of business conduct (the Code). They provide short, succinct examples of where concepts presented in the Code are given to employees to demonstrate how they should behave following the guidance of the Code.

In 1981, Jan Carlzon introduced the concept to Scandinavian Airlines in his book *Moments of Truth*.^[1] He defined the moment of truth in business with this statement: 'Any time a customer comes into contact with a business, however remote, they have an opportunity to form an impression.'

In an interview with Bob Thompson, Carlzon described his Moments of Truth as being used to change the culture of the company and leave behind the focus that they had on technical operations. Instead, they turned the focus to the market and customers.^[2] In this example, Moments of Truth are used to change the ethical behavior of employees and (like Scandinavian Airlines) to change the overall culture of the company by empowering employees to use the guidance provided by their code of conduct.

Real-life examples

In our example, we use a series of questions or incidents related to the Code and ethical behavior to provide real-life examples to employees of where the Code has application. These examples are to a large extent drawn and adapted from investigations or incidents from within the company or extracted from reports for other companies, where the thinking behind the Code comes into play.

Two examples are provided below. In each case the Moment of Truth is deployed electronically.

Example 1: *Barry does not use standard operating procedure SOP-1234 on a regular basis, but is asked to perform the procedure for market reconciliation in lieu of the person who normally does this who is on leave. Barry notices that the procedure is incorrect and outdated. It is not due for mandatory review for another four months, but he needs to use the procedure this week. What should Barry do?*

A. *Use the procedure and then report it to the person who normally conducts the procedure when she returns.*

- B. Not use the procedure, but leave a note for the person to address this when she returns from leave.
- C. Conduct the procedure, and then tell compliance that the procedure he just used is wrong and needs correcting.
- D. Not use the procedure, but speak to compliance about the situation and get their input prior to using it.

The employee clicks on the answer they think is correct, and the right answer (in this case D) pops up with an explanation such as:

Barry should consult with compliance and document management to alert them to the SOP and the need for revision. Under special circumstances such as this, it may be possible to continue with the correct procedure under a controlled planned deviation or exclusion that acknowledges the issue but allows the process to occur outside the required documented procedure. The SOP should be reviewed and corrected as soon as possible.

Moments of Truth can be also applied to process steps and/or aspects of the Code with relevant industry-based examples. Example 2 below, provides an example of a Moment of Truth which focuses on the concept of illicit payments and Foreign Corrupt Practices Act (FCPA) compliance.

Example 2: *Your contact at the local customs office approaches you to donate US\$2,000 for an office event to celebrate its 10th anniversary. You realize that the customs officer is a key authority who is responsible for customs clearance for your products imported into the country. You politely decline, stating that your company does not make such indirect payments to government covered third parties. Your contact says he understands, and that he can accept this payment on behalf of the office; it will appear as 'Customs transaction fees' on the invoice, so no one will know.*

Is this acceptable: YES NO

Once again, the employee clicks on the answer they think is correct and the right answer (NO) pops up with an explanation such as:

Payments made through a third-party vendor are still no more acceptable than making a payment directly. Making the donation to a government covered third party is not permitted under the FCPA and company policy. By doing so, you could not only implicate the organisation in bribery, but you could also be exposing yourself to charges of bribery. The company policy and the code of business conduct and ethics requires all employees to uphold the requirements of FCPA, which includes not providing inappropriate payments to government officials. You should also report the individual to your compliance representative and/or legal representative.

Outcome

The response to the use of Moments of Truth from employees was extremely positive. In a survey of employees (N =26) drawn at random and across several different functions in our company, 94% agree that Moments of Truth were a good way to remind people of their responsibilities related to the Code. The value in these is that they provide short, sharp, practical reminders of how to use the Code. Different scenarios can be provided regularly, for example, each month. Employees tended to utilize these even when this form of training was non-compulsory, because they found them manageable, interesting, and practical.

I am sure that the concept of Moments of Truth, albeit somewhat different from the original application, has

many other uses for compliance awareness and training.

1 Jan Carlzon, *Moments of Truth: New Strategies for Today's Customer-Driven Economy*. Ballinger Pub Co., 1987.

2 Bob Thompson What Business Leaders Can Learn From "Moments of Truth": An Interview with Former SAS CEO Jan Carlzon, 2006. <https://bit.ly/1bUCsFQ>

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