EVERY CHOICE HAS A CONSEQUENCE

CHUCK GALLAGHER
EVERY CHOICE HAS A CONSEQUENCE
Question 1:

How many of you would voluntarily make an unethical choice?

Question 2:

How many of you think breaking the law is unethical?
Question 3: How many of you have driven on an Interstate Highway over the past two weeks?

Question 4: How many of you have exceeded the speed limit when driving on the Interstate by at least 5-10 mph?
It’s Easy to make **Unethical Choices** when they seem socially acceptable.

What Is Socially Acceptable?
### Subjective

<table>
<thead>
<tr>
<th>I N D I V I D U A L</th>
<th>C U L T U R E:</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTENTIONS:</td>
<td></td>
</tr>
<tr>
<td>Values</td>
<td>Shared Values</td>
</tr>
<tr>
<td>Attitudes</td>
<td>Ethics</td>
</tr>
<tr>
<td>Commitment</td>
<td>Morals</td>
</tr>
<tr>
<td>Responsibility</td>
<td>Myths &amp; Legends</td>
</tr>
<tr>
<td>Experience</td>
<td>Justice</td>
</tr>
<tr>
<td>Mood</td>
<td>Fairness</td>
</tr>
<tr>
<td></td>
<td>Covenants</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>S Y S T E M S:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plans</td>
</tr>
<tr>
<td>Actions</td>
</tr>
<tr>
<td>Observations</td>
</tr>
<tr>
<td>Facts</td>
</tr>
<tr>
<td>Performance</td>
</tr>
<tr>
<td>Economic</td>
</tr>
<tr>
<td>Structures</td>
</tr>
<tr>
<td>Work Processes</td>
</tr>
<tr>
<td>Policies &amp; Procedures</td>
</tr>
<tr>
<td>Economics</td>
</tr>
<tr>
<td>Contracts</td>
</tr>
</tbody>
</table>

### Objective
INTENTIONS:
- Values
- Attitudes
- Commitment
- Responsibility
- Experience
- Mood

BEHAVIOR:
- Plans
- Actions
- Observations
- Facts
- Performance
Motivation

What Do These People Have in Common?
What Do These People Have in Common?

What Do These People Have in Common?
What Do These People Have in Common?
Beaumont City Hall Corruption Scandal Million

Indicted: City Manager, Police Chief, Public Works Director, City Attorney, Economic Development Director, Finance Director and City Planner.

BLIND SPOTS
Three Primary Reasons People have Ethical Lapses
Three primary reasons people have ethical lapses

HEALTH ISSUES
Ethical Lapses Don’t Start

The Unethical Continuum

ILLEGAL

NOT GOOD FOR THE CUSTOMER

NOT GOOD FOR THE COMPANY

POLICY VIOLATION

UNETHICAL

Generally accepted workplace action

Generally accepted workplace action

Generally accepted workplace action
What causes an otherwise “honest” person to do dishonest things?

The three components of ethical lapses:

- Need
- Opportunity
- Rationalization
Training Rationalizations

People cheat when they have a chance to (lesson: remove opportunity), but when the issue of honesty and rationalization is openly discussed people dramatically reduce or stop cheating (lesson: Expand Ethics training beyond just the HR and Compliance requirements).

When Life gets out of balance...

we search for a quick solution.
- High Personal Debts
- Living Beyond Means
- Excessive Speculation
- Substance Abuse
- Extra-marital Affairs
- Job Frustration
- Resentment of Superiors

- Inadequate controls
- Too “cozy” with Suppliers
- No Vacation or Sick Days
- No Internal Audit
- No Rotation of Job Duties
- Weak Management
- Excessive Cash
- Not Compensated Fairly
- No Recent Raises
- Everyone Else Does It
- Intended to Pay Back
- Needed the Money
- Revenge
- Bribe/Kickback Tempting
Reality Check

Reason for 81% of Ethics Lapses

- +36% Living Beyond Means
- +27% Financial Difficulties
- +19% Close Assoc with Vendors/Customer
- +18% Excessive Control Issues

Unaware
Not Responsible?
<table>
<thead>
<tr>
<th>SUBJECTIVE</th>
<th>OBJECTIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CULTURE:</td>
<td>SYSTEMS:</td>
</tr>
<tr>
<td>Shared Values</td>
<td>Organizational</td>
</tr>
<tr>
<td>Ethics</td>
<td>Structures</td>
</tr>
<tr>
<td>Morals</td>
<td>Work Processes</td>
</tr>
<tr>
<td>Myths &amp; Legends</td>
<td>Policies &amp; Procedures</td>
</tr>
<tr>
<td>Justice</td>
<td>Economics</td>
</tr>
<tr>
<td>Fairness</td>
<td>Contracts</td>
</tr>
<tr>
<td>Covenants</td>
<td></td>
</tr>
</tbody>
</table>

**Why is ethical training important?**
Or find yourself facing the 

JUDGE
US sentencing guidelines state:

You cannot be held criminally liable for an unethical/illegal action of an employee if you have provided employees comprehensive ethical training.

Questions?

CHUCK GALLAGHER
ethics resource group
WHAT ARE YOU WILLING TO DO TO HELP KEEP YOUR EMPLOYEES BETWEEN THE ETHICAL LINES?

“EVERY CHOICE HAS A CONSEQUENCE!”

chuckgallagher.com
TRUE SUCCESS
Is making a positive impact on the lives of others.
EVERY CHOICE HAS A CONSEQUENCE!