

# **The Worshipful Company of Management Consultants**

## **Underestimate The Impact of Ethics at Your Own Peril**

### **1. Background**

Consulting is an exciting and rewarding sector within the global economy. It attracts some of the finest minds and can offer unparalleled career development rarely seen in other employment sectors. The high-value professional services provided by consultancy firms, however, are reflected in the fees that consultancies charge for their services. Clients rightly, therefore, have high expectations of what they will get for their investment. Those who commission the services of consultancy firms do so with the expectation that their needs will be met, hopefully, exceeded, and that the consultants they engage will perform their duties in a professional and ethical manner. However, the stark realities of consulting engagements will mean that consultants are likely to be placed in situations that expose them to a type of risk for which they are totally unprepared – ethical risk.

### **2. The problem with business ethics**

Since the concept of business ethics was introduced into business parlance in the 1970s, it has struggled to gain traction with many business professionals. According to a report published at a time when the initial hype surrounding business ethics was probably at its highest, 90% of US business schools were providing training in business ethics and at least 16 business ethics research centres were operating in the country. Despite this, the report went on to suggest that for most managers, the field of business ethics was largely irrelevant.

### **3. What is ethics?**

Many people are familiar with the term ‘ethics’ even if they do not fully understand the many theories and concepts that define the field of moral philosophy. Simply put, ethics explores concepts of right and wrong in terms of our behaviours, actions and decisions.

Being ethical will ultimately mean having the skills and indeed, the courage, to make an ethical decision when one is needed, and as a consequence, ‘do the right thing’. That said, whilst decision-making is a fundamental part of consulting, professional training programmes rarely consider the ethical dimension to a situation.

Ethics is not an exact science and making an ethical decision will not be just a case of choosing what is ‘right’ over what is ‘wrong’. In practice, there will always be the possibility of a situation arising that will require a difficult choice to be made from a number of options, some or all of which may seem ‘right’ from a particular viewpoint. Furthermore, when there is no obvious ‘right’ answer, as is often the case, making an ethical decision will not just pose a significant challenge, but also a potential risk.

#### **4. Practical consultancy ethics**

The risks associated with unethical behaviour are out there for everyone to see. Frequent media coverage of ethics scandals is often dramatic and sensational; punitive fines and lengthy prison sentences now seem common outcomes for the very worst cases.

But let us be clear, consultants do not wake up one day and decide to be unethical; if they did they would not last very long in a profession that is able to select recruits of only the highest calibre. So what are the risks then? Quite simply, in the absence of proper ethical training, consultants are unlikely to recognize their actions as being unethical, or being perceived as unethical, by others. And that's a situation that can have very damaging consequences.

For consultancy firms, litigation is always a possibility, as is the loss or reduction of revenue. Probably the most damaging consequence for consultants and consulting firms however, will be reputational damage. Reputations are a fragile and fickle concept within business: they take years to develop and yet can be lost overnight. At an individual level, the reputation of a consultant is the most important attribute they can possess. It represents their professional capital, their personal brand, but most of all, it represents their licence to practise.

#### **5. Ethics and consulting**

Ethics must no longer be thought of as just a marketing tool that has no real influence on the culture of the organization, but instead, represent a fundamental set of behaviours that should be exhibited by all consultants regardless of role or grade. How well the consulting profession responds to that challenge will be a key factor in achieving consulting excellence. If there was ever a need for consulting ethics, it must surely be now.

#### **6. A personal insight**

My background, for example, is in Healthcare and Life Sciences, where I follow a formal code of ethics. I also subscribe to the code of ethics set by the Chartered Management Institute (CMI), Institute of Consulting (IC) and the International Council of Management Consulting Institutes (ICMCI).

The CMI is the only chartered professional body in the UK dedicated to promoting the highest standards in management and leadership excellence.

The Code is binding on all members. As such, it forms a critical ingredient of our value proposition. It also sends a clear message to organisations that, by employing CMI members or, in fact, applying the Code within the organisation itself, they gain immediate added value.

The Code is reviewed and approved by the Board of Trustees on a three yearly cycle.

## **7. The CMI code**

- Behaving in an open, honest and trustworthy manner,
- Acting in the best interest of your organisation, customers, clients, and partners,
- Continually developing and maintaining professional knowledge and competence,
- Creating a positive impact on society,
- Respecting the people with whom you work,
- Upholding the reputation of the profession and the Institute.

## **8. The ICMCI code**

Just like CMI code, ICMCI is strongly focused on the importance of trust and ethics. It provides a framework to guide ethical and acceptable conduct.

It reflects a commitment to ICMCI's values of accountability, integrity and respect, and provides a framework to guide ethical and acceptable conduct in a way that upholds those values and ensures the high ethical and conduct expectations of the profession and its members is preserved.

## **9. What if the code is breached?**

The Complaints and Investigations Committee (CIC) has a remit to review, promote and raise awareness of the messages within the code, both internally with the CMI and its membership, and within the wider management and leadership arena. The Committee also leads on investigations against members in terms of a possible breach of the Code.

The CIC is supported by its Investigation Panel: members who are called upon - in accordance with the Institute's complaints handling and resolution process - to investigate a formal complaint that may be made against an individual member. CMI membership may be taken away by the Board of Trustees if a complaint, once investigated, shows an actual and significant breach of the Code.

The Code is seen as a CMI USP. It articulates what the Institute, and its members, stand for in terms of professionalism and competence. All members sign up to the code on joining CMI and restate their commitment to uphold the code on an annual basis, as part of membership renewal.

## **10. How can consultants make their clients trust them?**

When we think about providers of professional services, what do we think about their ethics and values?

Simply, we allow healthcare professionals to take care of our bodies because we trust them to do the right thing. There's a recognised community of practice qualification and organisations to call out people who don't come up to scratch.

When it comes to our corporate bodies, however, we seem to be more willing to entrust their care to people who don't exist in such a framework - 'Management consultants'.

The value of management consultants is hard to quantify, unlike a medical procedure where you could see the results; it's difficult quantify.

All business professionals, including, of course, management consultants, should have an understanding of ethics; many already have, but, arguably, the scope of their education and training often seems to focus on the more popular topics of accepting hospitality, bribery and anti-competitive behaviour. Those who are less fortunate will find the scope of their business ethics training covers little more than a discussion on the relative merits of Kantian ethics, or Aristotle's Golden Mean. Useful, yes, but in terms of real-life ethical dilemmas these will do little to promote a subject that many observers comment on in the following ways:

- Ethical concepts are too vague and cannot be related to business,
- Ethical concepts are understood but the course of action is not clear,
- Ethical concepts are not communicated in a language people understand.

Many of the critics of business ethics suggest that the subject often occupies a rather elevated moral position that bears little resemblance to the real problems facing the vast majority of business professionals.

There is also a growing belief that too much emphasis is placed on theorizing around concepts of ethics rather than providing the guidance and tools to help business professionals apply ethical concepts.

## **11. The future of consultancy ethics**

The consulting profession is different to other professions, such as medicine and law, in the sense that it is not regulated. If it is to remain that way, the organizations and individuals within it will need to demonstrate that they are capable of proving they can act ethically themselves.

Ethics and the professional behaviours that are associated with it are now becoming key differentiators within business. Many customers now expect their suppliers to demonstrate ethical behaviour and in a growing number of cases, state precisely how they maintain an ethical culture within their organisations. Ethics must no longer be thought of as just a marketing tool that has no real influence on the culture of the organization, but instead, represent a fundamental set of repeatable behaviours that should be met by all consultants regardless of role or grade. How well consultancy firms respond to that challenge will reflect on the consulting profession. If there was ever a need for consulting ethics, it must surely be now.

