

Promoting a culture of integrity: Rebuilding after a crisis

Markkula Center
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Phone Scam Charge Rocks HP

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Suspicious and Spies in Silicon Valley

In a business saga, how Pattie Dunn's obsession with phone records ended with the cover-up

NEWS.COM SPECIAL COVERAGE

HP's boardroom drama

San Francisco Chronicle

FBI, congressional panel open their own HP probes
Board meets again

Former HP Chair Dunn Indicted

The California AG has charged Dunn with four felony counts
claims they've got the wrong person for the wrong reason

Just Because It's Legal . . .

A Half-Dozen Aesop's Fable-Like Lessons of Hewlett-Packard's

A 'Pretexter' and His Tricks

Phone records are a snap to snag. Just ask Da

Valley

US: Attorney General threatens criminal charges as HP
reshuffles its board

Silicon Valley's Soul and the HP Board Scandal

Ex-HP Chairwoman, 4 Others Face Charges

Just Because It's Legal . . .

A Half-Dozen Aesop's Fable-Like Lessons of Hewlett-Packard's

HP's facts and fallout

- HP Board had long been a leaky ship
- Well-intentioned risk management exercise went horribly wrong
- HP Chairwoman and three others were indicted
- Ms. Dunn's charges were dropped; others reached settlement agreements
- HP' reputation suffered

What went wrong

- Lack of checks and balances
- No senior E&C Officer
- Lack of clear processes and culture to follow
- Ends justifies the means
- Legal = ethical



California AG settlement

- HP paid \$14.5M
- Injunction provisions
- Corporate governance
 - Independent director
 - Chief Ethics and Compliance Officer
 - Qualified authority
 - Chief Privacy Officer
 - Training

H.P. Will Pay \$14.5 Million to Settle Suit

By DAMON DARLIN
Published: December 8, 2006

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Left, Lawrence Jackson/Associated Press; right, Paul Sakuma/Associated Press

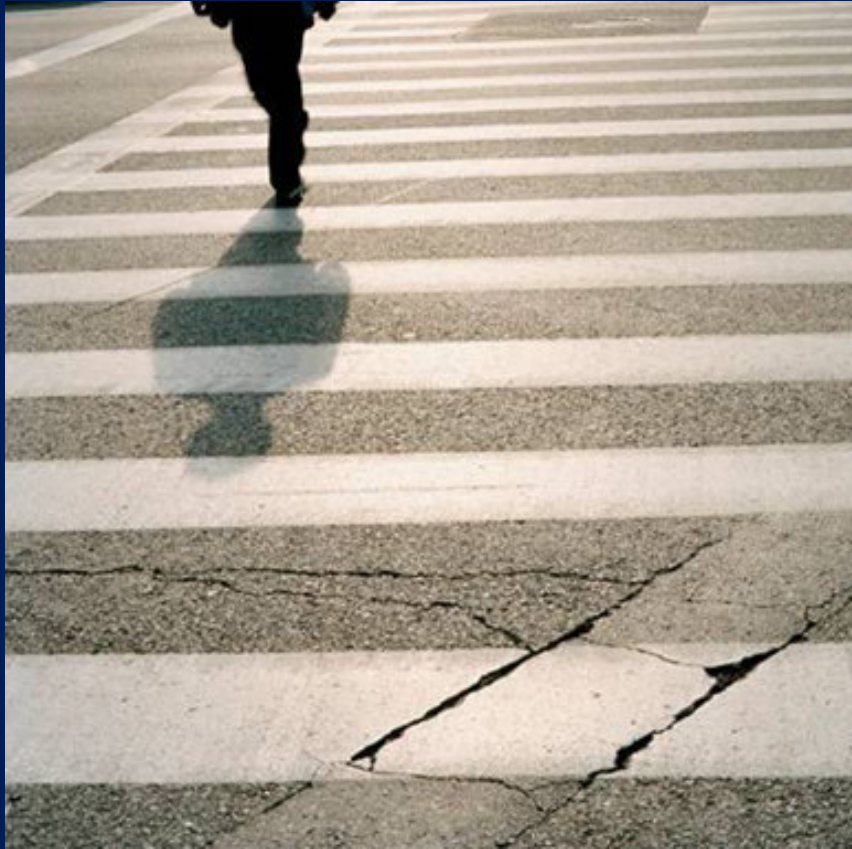
Mark V. Hurd, left, Hewlett-Packard's chairman, has already made some changes in the way the company operates. Patricia C. Dunn, the former chairwoman, has pleaded not guilty to violating privacy laws.

SAN FRANCISCO, Dec. 7 — [Hewlett-Packard](#) said Thursday that it would pay \$14.5 million to settle a lawsuit by the California attorney general over the company's use of private detectives to obtain private phone records of board members and journalists.

The company is paying \$650,000 in fine damages," but the bulk of the money, \$13.85 million, is going to create a state-administered Privacy Fund. The fund is to finance the investigation of privacy violations and of intellectual-property violations, including the copying of movies and music.

"We wanted very much to enhance our ability to enforce our laws against privacy violations," [Bill Lockyer](#), the attorney general, said in an interview.

Ethics and Compliance Office vision



Create a competitive advantage for HP by developing a recognized world class ethics and compliance culture

ACTION ITEMS TO REBUILD

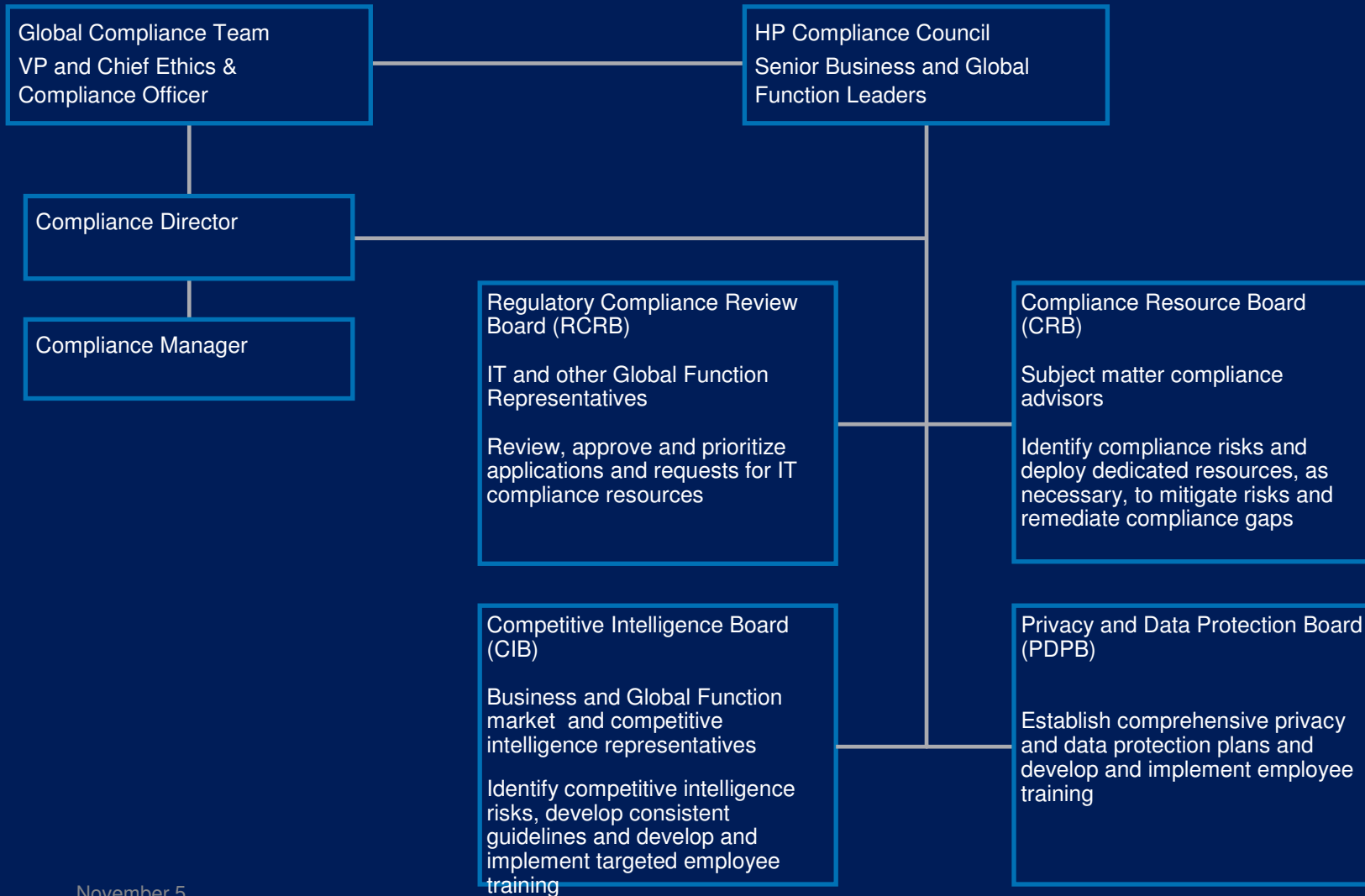
- Revise E&C structure
- Improved collaboration
- Investigator procurement program and investigation guidelines
- Competitive intelligence: Training and procurement program
- Case management and reporting
- Training initiatives
- Internal communications
- Revise SBC (Code of Conduct)
- Enhance HR Processes



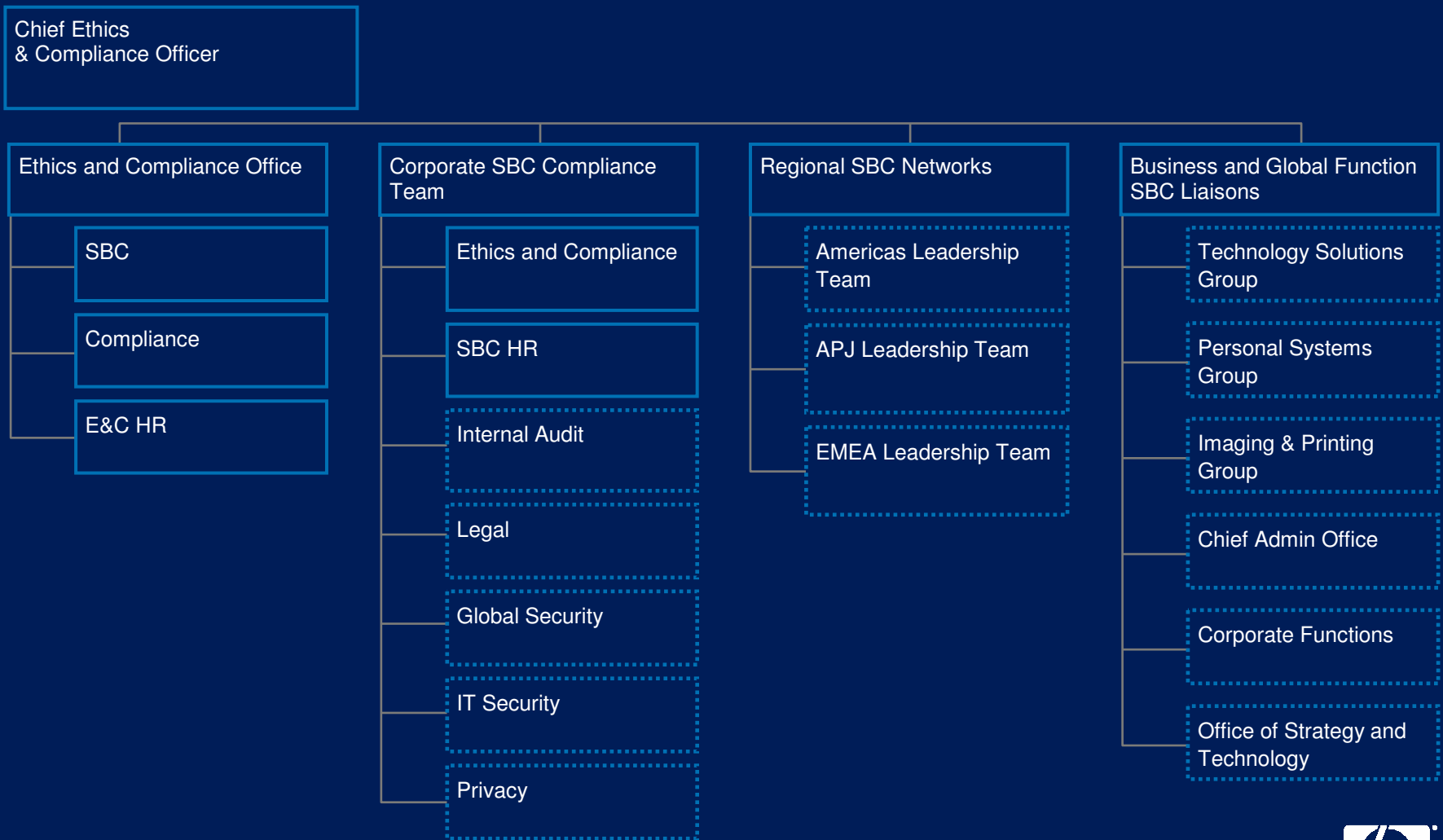
Structure of E&C program



Global Compliance team



Global SBC team



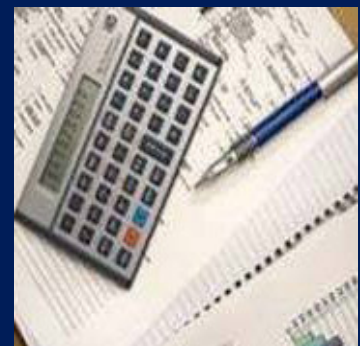
Improved collaboration

- Better teaming with businesses and regions
- Corporate oversight, local accountability
- Strong country ethics and compliance teams
- Clear roles and responsibilities



Investigator Procurement Program and investigation guidelines

- Global application form
- Due diligence of vendors
- Standard contract
- Submit investigation plan for review
- Monitor adherence to program
- Uniform investigation guidelines



Competitive intelligence

- Identify risk areas
- Establish new requirements for contractors
- Training



Case management & reporting

- Track and report all SBC matters
- Identify trends and high risk areas
- Increase communication with senior management
- Case management software



Training initiatives

Country managers

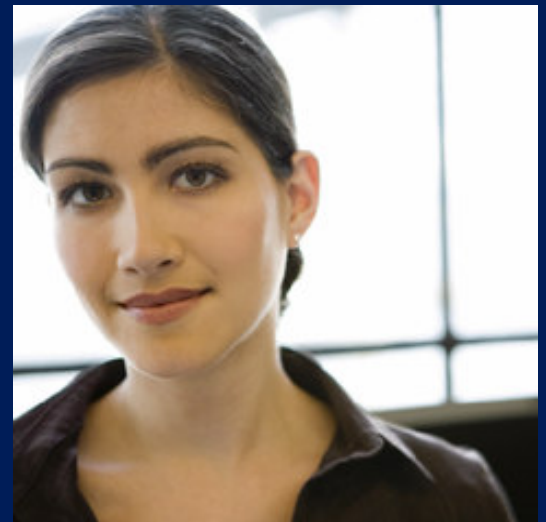
Extended enterprise

New hires

Acquired companies

Communications

- Tone at the top
- Global site visits
- Ethics bulletin
- Quarterly lessons learned
- Reporting vehicles

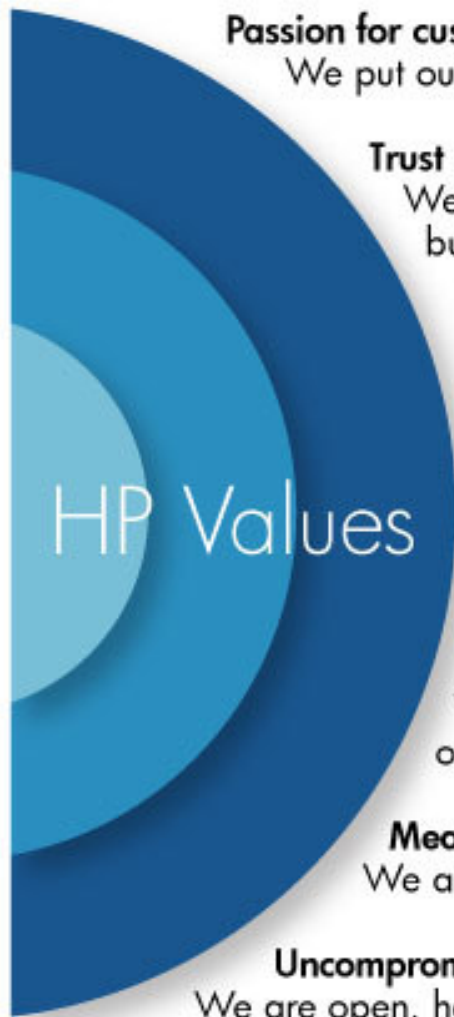


Revise the SBC (Code of Conduct)

- Make the Code less rules based
- Make it shorter, easier to read
- Provide links to key policies
- Reinvigorate the values

Our Shared Values

The way we get things done



Passion for customers

We put our customers first in everything we do.

Trust and respect for individuals

We work together to create a culture of inclusion built on trust, respect and dignity for all.

Achievement and contribution

We strive for excellence in all we do; each person's contribution is key to our success.

Results through teamwork

We effectively collaborate, always looking for more efficient ways to serve our customers.

Speed and agility

We are resourceful, adaptable and achieve results faster than our competitors.

Meaningful innovation

We are the technology company that invents the *useful* and the *significant*.

Uncompromising integrity

We are open, honest and ethical in our dealings.

Measuring for Integrity

Voices of the Workforce Survey (132,000 employees)

When I am faced with a business situation where I am unsure of the appropriate legal or ethical course of action to take, I seek guidance from my management, other HP resources or the Ethics & Compliance Office.	93%
I believe my manager is open, honest and ethical in his/her dealings on behalf of HP.	90%
In my work environment, I feel prepared to handle situations that could lead to violations of HP's Standards of Business Conduct.	90%
In the past year, I have not felt pressured by other employees or managers to compromise HP's Standards of Business Conduct in order to achieve business objectives.	89%
People are held accountable, regardless of their level, if they are caught violating HP's Standards of Business Conduct.	83%
I feel comfortable reporting unethical behavior or practices without concern of retaliation.	80%

Enhance HR Processes

- Hold employees at all levels accountable
- Consider E&C in hiring process
- Incorporate E&C in performance management and talent management
- Develop a decision-making model based on values

Global Citizenship is one of HP's corporate objectives

- Customer loyalty
- Profit
- Market leadership
- Growth
- Commitment to employees
- Leadership capability
- Global citizenship



Global citizenship at HP

Corporate accountability and governance



- Ethics
- Privacy
- Supply chain

Environmental responsibility



- Products
- Operations

Community investment and involvement



- Philanthropy
- Employees
- Public policy
- Stakeholder relations

Key takeaways for ethics officers



1 Build a robust structure

2 Develop clear processes and roles and responsibilities

3 Get access to and support of CEO and Board

4 Anticipate the next big issue



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