

Marketing and bribery

By Mike West



I don't know if you have been keeping up with the news on the Bribery Act but you ought to! In April, a new UK law comes into being that looks as though it will change UK industry in so far as it requires correct behaviour by organisations, private and public with regard to business affairs with customers. It also has wider implications for the marketing and sales sectors when participating in what is known as the "corporate hospitality industry".

Let's get the first point clear - no one that I am aware of has a problem with cleaning up bribery or enticements to do business that is the rationale for this new law. Financial incentives to gain business over a competitor is not ethical or warrantable. However, as with many new laws, the devil is in the detail and in this case, it does not appear that the detail has yet been

defined sufficiently to enable business to manage the process efficiently. Bribery also tends to be more affordable by larger organisations and is therefore also a competitive advantage for the bigger presence in the market.

Let's assume you are a director of a British company that is owned in the USA, or any other country. Your overseas owner is conducting business in a third country and incentivises the deal by some "offer" or other to the potential customer. Test question - are you are

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involved? Are you liable? It appears that you will be from April 2011 on.

The law will also include "agents acting on its behalf" and thus the net will be wide. Can you currently control your sales agents in overseas markets?

This is a UK law. It is not European law and it is arguably the most restrictive crack down on bribery on the planet. Not a bad thing. We in the UK are about to become the global market leaders on this and we are setting the example. However, some questions arise from this unique position. Who else will behave as well as us? Will others follow so that we have

a level and clean playing field?

One of the challenges in this law for us in the UK is that it is applying standards which are purported to be "British" standards. It is what the UK regards as acceptable that is being tested - not what is the standard of acceptable practice in the country where the business is being conducted. So whatever "goes" in the UAE, China, India, Brazil or Russia etc may not be acceptable to us.

I am not surprised that we are implementing this law. When working in the USA in

the mid seventies, we had a similar law introduced whereby we had to sign a document saying that we had not been involved in any such behaviour. I remember my American VP ensuring we took this seriously as he said it would be him going to jail, not us! Thirty eight developed countries are moving to punish corruption having signed a charter with the OECD - the rich countries club. During 2010, the US Department of Justice was investigating around 150 companies. BAE was fined \$400m and Daimler \$185m in 2010.

I learn from the Economist that every year, Transparency International publishes its

Corruption Perceptions Index, its Bribe Payers Index and its Global Corruption Barometer. One of their studies of 500 prominent firms revealed that the average company only scored 17 out of a possible 50 points on "anti-corruption practices".

As with many new laws, the devil will be in the, as yet, undefined detail. For instance, are we correct in the interpretation that a pair of tickets to Manchester United given to a customer visiting the UK for a training programme will be classed as bribery? When your visiting customer runs out of cash and you give him £20 for a taxi, is this bribery? It would appear so.

We know that a large proportion of the marketing industry's revenues come from the corporate hospitality industry. Why can't you get into Wimbledon for top matches and how do you get into those nice looking boxes at the Premiership match?

I am informed that the act was "rushed" through at the end of the last Parliament without the detail having received sufficient consideration. The correct route for management will be to "be prepared" and have a process in place to prevent bribery in your organisation. For how this will work in detail, we await news from the Government.

Great in practice but will it work in theory?

Jean Pousson looks at typical killers of strategy implementation

The above quote (Attributed to Madeleine Allbright, Bill Clinton's Secretary of State) is but one example of where executives know what the strategy is, they (possibly) have a clear vision, but for many reasons, they cannot execute that strategy.

What Allbright was alluding to was the suffocating effect of bureaucracies. Bureaucracy literally translated from French means "government by desk".

C N Parkinson in 1955 in the Economist magazine described it as "Work expands so as to fill the time available for its completion"

Bureaucracies are like quicksand. They will absorb, slow down, undermine, and ultimately kill. The early tell tell signs: creation of more and more project groups, meetings and more b****y meetings, full diaries, increasing committees, nothing happens until the consultants' reports, the admin' contingent begins to swell.

Poor or unclear communication. Whilst it would be easy to blame communication for any organisation's malaise, in my years of consulting experience, I have seen many manifestations of this. The vision is not clear. "To be the leading, most admired, bla bla" means different things to different people. Likewise "to provide excellent levels of service" again would receive a range of very different interpretations. Everybody must understand the exact strategic and operational meaning of those words and phrases. There has to be clarity on sense of direction, markets we compete in and, by implication, markets we do not compete in, products, pricing, not to mention the organisation's values of behaviours.

All stakeholders have to be engaged in the vision and the strategy. If they don't, blockages will soon surface, good people will leave, and numerous tensions will appear at all levels within the organisation.

People manage what they get measured on. Fact. It is therefore imperative that Key Performance Indicators(KPI) are directly aligned to the strategic Key Success Factors (KSF). What needs to be understood (and measured) is not just results, but what drives results. Far too often measurements are set in the context of last year's and driven too strongly by financial metrics. The result is a disconnect between what people are measured and rewarded on, and what actually matters strategically. In our consulting work we often ask to see a few budgets, personal objectives and KPI's at various levels. From this information we have to be able to "smell" the strategy and certainly understand very clearly why these measurements are in place.

"When I was at..." can be a dangerous preface for any executive in attempting to solve a problem. What is happening here is that a solution used in a previous situation is being recalled as it seemed to work before. In an organisational context the chances are the dynamics are different second time around, and applying the same solution is misguided. It is

therefore no surprise to see Chief Executives screw up when they return to an organisation that they have served before. They think that they already know the problem(s) and fail to appreciate that (like them) the organisation has moved on. Steve Jobs of Apple is a rare exception, but then he had been gone for about thirteen years.



Walk the talk. Executives often fail to appreciate that they are "on show" all the time. Everything they say and do is observed and analysed. Checking Blackberries during a meeting or interview is rude. It highlights an addiction and an inability to delegate effectively. As Oscar Wilde remarked "The World's cemeteries are full of indispensable men". There used to be a running joke within GE that whenever an executive said that he or she wanted a cup of coffee, somebody went out and bought Brazil. Informal behaviour is potentially more damaging as executives can be caught off guard. A car park conversation very rapidly becomes policy.

I could go on about so called strategy passion killers. I guess my key point is that it is insufficient to have a clear, succinct and potentially successful strategy arrived at after going through a robust process. A construction project is not guaranteed success because of a brilliant design by the architects. Much much more needs to happen. It's the same with strategy.

Strategy after all has to degenerate into work (Peter Drucker. Adapted).

Good luck!

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