

WHEN CONFRONTED WITH a sticky ethical situation, most project managers know what they *should* do. But with deadlines looming and budget pressures increasing, it can be tempting to bend the rules. And while massive affairs such as the Enron accounting scandal get most of the ink, it's usually not the grandiose ethical questions involving significant safety or corruption issues that cause most project professionals to stumble. Rather, it's the hundreds of subtle ethical dilemmas project managers face every day that eventually trip them up.

Every seemingly minor moral concession made to please senior executives in the short term impacts the long-term success of the project and its leader. When making the ethical decision means going over budget or stretching out the schedule, project managers face a tough call—and they often rely on the company's organizational culture to decide in which direction to go.

Last January, PMI unveiled a revised Code of Ethics and Professional Conduct. There is no ambiguity. It clearly states: "As practitioners of project management, we are committed to doing what is right and honorable."

But the project management code of ethics isn't talked about as much as it is in other professions, and that impacts its strength, says Alex Brown, PMP, president of Real-Life Projects Inc., a consultancy in Belle Mead, New Jersey, USA. "Doctors, lawyers and other professions have a strong code of ethics, well-known to

their clients, and generally those who break the ethical code are expected to be censured or have their license removed," he says. "I do not think project management has risen to that level of ethical behavior yet. Many project managers have a strong sense of personal ethics, but the legal and organizational structure to support a code of ethics for project management is still very weak."

Mr. Brown worries that in the absence of a well-known and adhered-to code, project managers are forced to define their ethical path.

Not everyone agrees. A code helps spell things out, but project managers should know how to conduct themselves—with no excuses, says Jerry Ball, consulting project manager for Entity Group Ltd., a business management consultancy in Wellington, New Zealand.

Most people know what the right decision is, and they shouldn't require a separate set of rules for the team or project. "Ethics are ethics. I don't see project management ethics as being something apart," he says. "A defined code of conduct simply makes certain aspects of ethical behavior explicit."

First, Do No Harm

Organizational culture can be a powerful force for good—or evil. If upper management supports or encourages unethical choices, that trickles down through projects and impacts every project manager's



FROM A PROJECT MANAGEMENT POINT OF VIEW, YOU ONLY HAVE ONE OPPORTUNITY TO GIVE UP YOUR INTEGRITY, AND THEN IT'S REALLY HARD TO GET BACK.

—LEROY WARD, PMP, PgMP, ESI, WASHINGTON, D.C., USA

ability to make good decisions, Mr. Brown says. "When you lose sight of ethics, it grows into the culture little by little until you become an Enron," he says.

Although not all ethical missteps result in high-profile corporate scandals, it can be a slippery slope. "The project manager is meant to be a person of trust," Mr. Brown says. "As soon as you start playing games to make someone happy, you cross a line, and you can lose that trust."

ETHICS IN ACTION

Ten years ago, Alex Brown, PMP, was a brand-new project manager at Automatic Data Processing (ADP), a Roseland, New Jersey, USA-based global provider of transaction processing and IT tools. An important client wanted the company to create a desktop software program for stockbrokers, and Mr. Brown was put in charge of the project. ADP had promised a delivery date, but Mr. Brown knew early on that his team could never meet the deadline. "I was young and new to management, but I was worried and told my direct manager about my concerns," he says.

When his boss asked him to be more specific, Mr. Brown created a spreadsheet of the schedule. "Working the schedule from that day and from the promised end-date, there was no way to make all the work meet up in the middle," he says. "The spreadsheet showed that the real end-date would be late by many months."

Even after reviewing Mr. Brown's data, management said the promised

date was too important to the client, and told him he was not allowed to share these concerns.

"I was too new as a project manager to be 100 percent sure of my conclusions, but I personally felt dishonest telling the client the schedule was on track," he says. "I continued to manage the project, but I did not meet directly with the client about the overall schedule any longer. Whenever questions about the end-date came up, I referred them to the salesperson."

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In the end, the project was not delivered. The client's contract had no penalties, but Mr. Brown says the company didn't walk away unscathed.

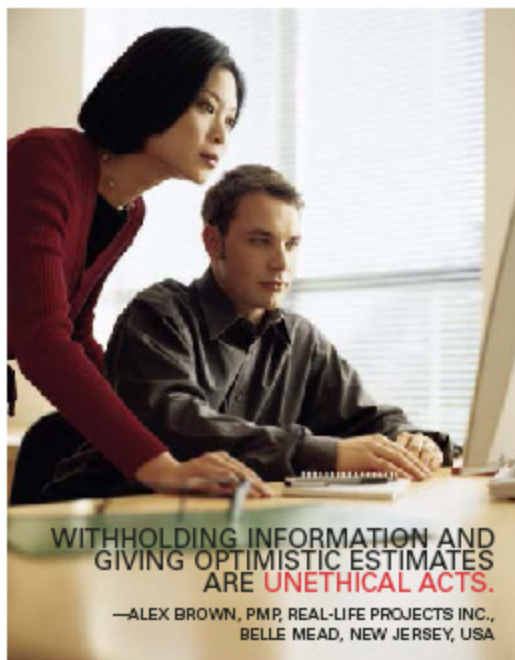
Even if project managers have good intentions, small unethical decisions that offer quick-fix solutions can have catastrophic long-term effects on the project, the company and the individual, says LeRoy Ward, PMP, PgMP, executive vice president of ESI, a consultancy in Washington, D.C., USA.

Even if everyone agrees to something seemingly minor, such as backdating contracts, it usually backfires.

"ADP may have behaved ethically. They might have just doubted my judgment," he admits. "In the end, though, their relationship with a client was damaged. Sharing information more freely might have helped, and would certainly have been more ethical."

Although the project was a failure, the experience gave Mr. Brown a renewed confidence in his own instincts. "I knew if I was going to be a professional, then I needed to be up-front and honest about any suspicions or concerns that I had," he says. "Withholding information and giving optimistic estimates are unethical acts."

He also notes that one of the most important reasons for joining PMI and other industry organizations was because they offer an established code of ethics. "I knew that I would have had better guidance about how to act in that situation," he says. "A good code of ethics not only helps the individual, but it helps build the trust and respectability of the whole profession."



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—ALEX BROWN, PMP, REAL-LIFE PROJECTS INC.,
BELLE MEAD, NEW JERSEY, USA

“From a project management point of view, you only have one opportunity to give up your integrity, and then it’s really hard to get back,” he says.

The challenge for project managers, Mr. Ward says, is that they want to please everyone—and that can get them into difficult situations. “Project managers are an optimistic bunch. They can easily convince themselves that they can achieve unrealistic goals,” he says. “It’s not a matter of deliberate lying or a conspiracy. It’s more that they feel they can accomplish the goal if they work like heck to make it happen.”

That’s where the executive team and the corporate culture come in to play, Mr. Brown says. If the company embeds its ethical code into all of its decision-making and evaluation processes, project managers will have

the support they need to make the right choices—and to fess up when they over-extend themselves.

Mr. Brown spent several years working as a project manager at Merrill Lynch in New York, New York, USA. In his first days at the company, he was introduced to its five principles: client focus, respect for the individual, teamwork, responsible citizenship and integrity. “Those principles were everywhere at Merrill Lynch. We lived and breathed them,” Mr. Brown says. Having the principles so clearly defined and referred to at all steps in the project process made decision-making much easier. “There were many times when we would say, ‘We can’t do this because it’s not in line with our principles,’” he adds.

That often meant not pursuing a project that had short-term financial benefits when it put clients at potential risk. “Part of the five principles was that we did not pursue profits at all costs,” Mr. Brown says. “Even if there was a short-term loss, it resulted in a long-term gain through customer loyalty.”

To Bribe or Not to Bribe

Ethical project management can get even trickier when projects reside outside the country where a company is headquartered, particularly if it’s an emerging market, where corporate rules and local culture can clash.

“If a company does business in another country, it should be clear about what its stand is on ethically murky issues,” Mr. Brown says, noting that bribery is an excellent example. “In some countries, it is normal to offer gifts to local authorities, to receive permits or to gain support for local projects. The executive team needs to decide ahead of time what team leaders should do in these situations.”

Whatever the decision, it’s crucial that employees, particularly those who have been hired locally, understand the company’s position and expectations about behavior. “You need to be clear with employees about whether you allow bribery, and that you understand the consequences of that decision,” Mr. Brown says.

Most countries have laws against bribery, and the PMI Code of Ethics and Professional Conduct commits project practitioners to legal behavior, says Debra Miersma, manager, market exploration and new business development at MeadWestvaco, South Lee, Massachusetts, USA. She is also chair of PMI's Code of Ethics and Professional Conduct Implementation Advisory Committee.

The bigger issue is that bribery rules are not enforced consistently in all countries. But that inconsistency neither makes the practice legal or ethical. China, for example, is often cited as a country where bribery is acceptable behavior. However, the country does have laws against the practice, and Shanghai has vowed a growing nationwide anti-corruption drive, according to BBC News.

As with any issue of ethics, the topic is often not conducive to tidy answers, and project professionals must tackle these dilemmas by thinking them through and consulting the PMI code or the company's own policies or help line, Ms. Miersma says. They may also want to discuss the issues with peers and supervisors, and ensure appropriate legal advice is obtained.

Executive Ownership

The alter ego of the ethical corporate culture is the blame-based one, where pointing out problems, making mistakes or missing deadlines can have negative personal consequences, says Yuvaraj Anandan, program office head at Citibank, Athens, Greece. At a company in which someone must take the fall for every mistake, people learn to cut corners to avoid reprisal.

"The most common unethical behavior in project management is the lack of ownership and blaming others for mistakes," he says. "It is very important to consider the impact of the organization culture, ethics and priorities and their influence on the project management role."

Unethical project management behavior isn't necessarily the result of inherently unprincipled project managers. Rather, it often stems from a culture that

pits personal well-being against the good of the project, says Terry Tanner, PMP. He's working for Fairfax, Virginia, USA-based Headstrong Consulting Inc., on contract as a workflow and imaging program manager for investment management giant OppenheimerFunds Distributor Inc., Denver, Colorado, USA.

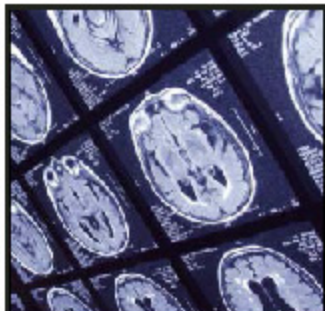
If project managers are afraid of the personal consequences of admitting mistakes, they're more likely to hide or minimize them, which is enormously counterproductive. "When executives waste time laying blame instead of helping their team solve problems, it results in detrimental project impacts and it's not good business," he says.

The only way to create a culture where project managers can be completely honest and make ethical decisions for the good of the project and stakeholders is if they're confident they will be supported from the top. "If I have a problem, I shouldn't have to hide it from the project stakeholders or sponsors. I should be able to go to them for help," Mr. Tanner says.

He has worked at companies where that wasn't the case. Project mistakes were covered up and projects were pushed through, even if they were flawed. At OppenheimerFunds, his program executive, senior vice president and CTO, Jim Bailey, is intimately involved with project status, participating in weekly meetings with Mr. Tanner. "He wants to hear the reality, not the spin," Mr. Tanner says. "If we do have an issue, we delve into it on the spot."

To Mr. Bailey, this approach to problem-solving just makes good business sense. "Why would any senior executive not want to know everything going on in their area of responsibility?" he asks. "You always have a plan, but no one can forecast the future. It's not a big deal to make corrections along the way as long as you do not lose sight and stray from the initial objectives of the effort."

For example, when Mr. Tanner lost a team member who was key to meeting a milestone on a project to retool the company's index and document management filenet system, he suggested bringing in a contractor. It



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PROJECT MANAGEMENT ETHICS MAY NOT GUARANTEE PROJECT SUCCESS, BUT BEHAVING UNETHICALLY WILL ALMOST CERTAINLY LEAD TO PROJECT FAILURE.

—YUVARAJ ANANDAN, CITIBANK, ATHENS, GREECE

meant an added cost, but it was the right thing to do.

"I know, based on my experience with Jim, that if we have a problem, he will focus on figuring out why it happened and finding a resolution, not trying to determine who's at fault," Mr. Tanner says.

Ethical Infrastructure

Along with one-on-one executive support, there are many formal tools and processes that companies can implement to give employees guidance for their own ethical behavior.

Mr. Ball has found a "conflict of interest register" to be a helpful tool. The business community in New Zealand, where the total population is only 4.1 million, is relatively small, so it's common for people to know potential suppliers through prior business dealings. The register is used to formally record conflicts of interest—actual or perceived. It normally contains basic information such as date, a description of the situation, the person's name, the nature of the perceived conflict, an assessment of the actual degree of conflict and the decision made in response to the situation.

"It is not the operation of the register in itself that is important, rather that it sends the message that high standards of ethical behavior are expected at all times," Mr. Ball says.

Companies should also offer employees a formal forum to discuss ethical issues

on the job, both to more clearly define them and to report concerns, Mr. Anandan says. "Without it, employees will use precedent behavior that they observe from peers and managers to establish guidelines for their own behavior, ignoring the organization's general practices," he says.

And that's not always good.

Mr. Anandan also recommends teams develop clearly defined ethical principles as they relate to project outputs and liability, so there's clarity from the beginning about expectations. He offers this example: "Honesty, professional responsibility and accountability to undertake the necessary tasks, to focus on actions and issues, and to avoid decisions with possible conflicts of interest."

Having a defined set of project management principles gives his team a way to analyze important tasks and decisions from an ethical standpoint, and to include and document ethical criteria that have to be satisfied.

"Project management ethics may not guarantee project success, but behaving unethically will almost certainly lead to project failure," Mr. Anandan says. "In my own experience with project cost and time constraints, ethics help to gain trust and support among various stakeholders, and that contributes significantly to success." PM

Sarah Fister Gale is a freelance business writer based in Chicago, Illinois, USA.