

Five lessons for bosses from the David Jones scandal

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The drama surrounding the shock resignation of David Jones chief executive Mark McInnes for "inappropriate behaviour" towards a female colleague intensified on the weekend, with television crews chasing McInnes overseas and reports naming Kristy Fraser-Kirk as the David Jones employee who made a complaint against the CEO.

But while the hunt for the details about who did what and when will continue for some time, it is a fair bet that directors and executives around Australia will be looking carefully at their management team and wondering, could this happen to us?

While David Jones is insisting the McInnes scandal is an isolated incident and not symptomatic of cultural problems within the company, the company's board, led by chairman Bob Savage, must be asking themselves whether there was anything they could have done to prevent the scandal from developing.

With this in mind, here are five lessons from the incident for entrepreneurs and executives.

1. Develop your own policies and procedures and constantly reinforce them

The first step into preventing problems with sexual harassment is to have policies and procedures in place that make it clear that this sort of behaviour is completely unacceptable.

However, workplace lawyer Andrew Douglas says simply grabbing a set of policies and procedures as part of an off-the-shelf package is not ideal. Companies need to develop their own policies and procedures based around their unique core values, and CEOs need to lead this process.

"Mark McInnes would have been the signatory and the model of the values, which are the fundamental infrastructure of policy and procedures."

Policies and procedures should be explained when a new staff member is inducted into a company, and then reinforced through bi-annual training. Again, it should be a key performance indicator of a CEO that this culture is managed and maintained.

"Overwhelming it is the CEO that models and leads that values process."

2. Be careful about booze in your business

McInnes said in his resignation statement that there had been two instances of inappropriate behaviour at two separate functions, and reports at the weekend suggested one of those functions was for a supplier's product launch, where champagne and caviar was flowing freely.

Douglas says that in many areas of society and the workplace it is recognised that alcohol impairs judgement (such as driving a car and working in an operational role in a factory or mine site) and yet many firms take a completely different approach to the sales side of the business, where drinking with clients is often encouraged.

Yet Douglas says booze can be the thing that triggers bad behaviour in these environments, such as poor decision-making, bullying and harassment.

"Relationship development doesn't need buckets of alcohol. It needs integrity."

He also says CEOs must be particularly careful when attending functions with alcohol.

"A CEO's behaviour must demonstrate leadership in how they drink and how they behave. The CEO is the brand in those environments."

3. Watch for patterns of behaviour – and act quickly

Board members or senior executives who notice a manager breaking company rules – even if it is at a function or event – need to act quickly, Douglas argues.

"We are inclined to deal with problems when they percolate to the surface. What we miss is that performance management is a daily task."

He argues that allowing behaviour to repeat is a worrying sign that policies and procedures are not working and says instances of poor behaviour must be swiftly dealt with.

"The earlier you get them and the quicker you counsel, the less damage they will do to the people around you and the business."

4. Make people feel safe to complain

Most companies have in place clear policies and procedures for dealing with a complaint such as sexual harassment, but Douglas says that companies need to work

hard to have a culture where particularly junior staff feel safe enough to actually make a complaint, regardless of the perpetrator's seniority.

A good parallel comes from the occupational health and safety sector, where many companies have policies that require staff to report "near misses" in terms of accidents – whether they were involved in the incident or just saw it. Douglas says a similar process for other misdemeanours would help reinforce a culture where problems are brought to the surface and dealt with.

5. Never lose sight of the brand, both business and personal

The potential for these incidents to damage a company's brand is clear, but individual executives should also think about their personal brands. McInnes will obviously find it extremely difficult to get a job with a public company ever again, and it may take years for him to get his career back on track. Executives need to remember at all times that their actions are all that really matter when it comes to reputation.

Refer

<http://www.smartcompany.com.au/managing-people/20100621-five-lessons-for-bosses-from-the-david-jones-scandal.html>