



CENTER FOR ETHICAL
BUSINESS CULTURES®

1999-2000 Annual Report

I. Program Highlights

This has been a year of transition. The Minnesota Center for Corporate Responsibility, with 23 years of history serving Minnesota's business community, became the Center for Ethical Business Cultures with a renewed vision – to be a leading edge resource shaping solutions in ethics and corporate citizenship that add value to business and community – and mission – assisting business leaders in building ethical and profitable business cultures at the enterprise, community and global levels. To achieve those ends, the Center has continued the development and implementation of its Strategic Initiative, reorganizing its staff, embarking on a soon-to-be-completed search for a new president and CEO, and laid the groundwork for its *Legacy 2000 Leaders Fund* development campaign (to be launched in the next program year), all while expanding the products and services it provides to its member companies.

- The Minnesota Center for Corporate Responsibility became the Center for Ethical Business Cultures (CEBC). Roll-out of CEBC's new brand (name, logo, etc.) will continue through the 2000-2001 program year.
- Completed an agreement establishing a strategic alliance with the Caux Round Table, a Swiss-based organization of senior business leaders. Initiated conversations aimed at developing a strategic alliance with Business for Social Responsibility. Have raised the subject with Boston College's Center for Corporate Community Relations, One Small Step (a San Francisco Work/Life organization) and the Centre for Ethics and Corporate Policy in Toronto, Canada.
- Initiated the development of business ethics training modules focused on: Foreign Corrupt Practices Act; Export Control; Representatives and Distributors/Professional Service Contractors; Conflicts of Interest; Antitrust; Insider Trading; Reductions in Force; Anti-harassment and Equal Employment Opportunity; Strategic Alliances; Document Creation and Control; Protecting Company Information and Products Liability; Ethics Overview for Individual Contributors; Ethics Overview for Managers; Ethics Overview for Executives; Gifts and Gratuities; and, International Boycotts.

The training modules will be delivered through multiple formats, including seminars to which the general public is invited, in-house seminars for a particular company, CD-ROM, the web, and hard-copy for member's own internal use and editing to fit their particular culture and industry. This project is on-going.

- Increased membership in CEBC's *BUSINESS ETHICS NETWORK*SM by approximately 55% (from 31 to 48 participants). This CEBC initiative links ethics management professionals in the Twin Cities area. Many of the participants have had little or no contact with CEBC prior to these meetings.
- *The Work↔Life Network*SM program on the different generations which are now part of the workforce drew the largest attendance ever for a network event.
- Founding sponsor of the Minnesota American Business Ethics Award [now to be called the Minnesota Business Ethics Award (MBEA)]. Given for the first time in April 2000, an Award Reception and Banquet were held with approximately 200 people attending.

Awards were given to businesses in three categories – large public, private and small – that exemplify a strong commitment to both business excellence and the highest standard of civic and social responsibility, integrity and ethical conduct. Michael J. Evers, Ph.D. and Kenneth E. Goodpaster, Ph.D. of the University of St. Thomas Graduate School of Business and Norman E. Bowie, Ph.D. of the University of Minnesota Carlson School of Management served as judges. This inaugural event was sponsored by the Minnesota Chapters of the Society of Financial Service Professionals, the Carlson School of Management, UPN9 and the Center for Ethical Business Cultures.

- Worked with representatives of the University of St. Thomas Graduate School of Business and the University of Minnesota Carlson School of Management towards the goal of establishing two separate Net Impact student chapters. To date, the University of Minnesota Net Impact Student Chapter has been formalized. Currently, a Day MBA student at the University of St. Thomas, is working on establishing a Chapter at the University of St. Thomas this summer.

II. University Partnership

The Center has concluded an agreement that positions Dr. Kenneth Goodpaster, holder of the Koch Endowed Chair in Business Ethics at the University of St. Thomas Graduate School of Business, as the Center's Academic Director in its relationships with St. Thomas faculty. In addition to his service on our Board of Directors, Dr. Goodpaster has played a key role over the past year in developing a major research project that involves the Center, St. Thomas and our partners at the Carlson School of Management. (Dr. Norman Bowie is the Center's Academic Director for the University of Minnesota Carlson School of Management.)

Dr. Teresa Rothausen of the GSB management faculty has been working with the Center to develop a research project focused on employee retention and involving the Center and six of its major business members. She is working closely with the Center's *The Work↔Life NetworkSM*. The Center hopes to create similar research opportunities for other faculty.

Dr. Michael J. Evers, GSB's Dean *emeritus*, has served as the Center's Acting President for the past year. He has guided the continuing development and execution of the Center's Strategic Initiative. The deep regard in which he is held by many in the Minnesota business community has served as a major asset to build support for the Center during this time of transition.

Tom Holloran, J.D., and Dean Ted Fredrickson join Goodpaster and Evers in serving on the Center's Board of Directors.

III. Services and Programs

Programming and services offered by the Center focused on three key areas:

1. Ethical Leadership, Management and Culture (organizational, community and global)
2. Work–Life Policies and Practices
3. Corporate Citizenship

New Program or Project Development:

- **Business Ethics Training Models**

Initiated the development of business ethics training modules focused on: Foreign Corrupt Practices Act; Export Control; Representatives and Distributors/Professional Service Contractors; Conflicts of Interest; Antitrust; Insider Trading; Reductions in Force; Anti-harassment and Equal Employment Opportunity; Strategic Alliances; Document Creation and Control; Protecting Company Information and Products

Liability; Ethics Overview for Individual Contributors; Ethics Overview for Managers; Ethics Overview for Executives; Gifts and Gratuities; and, International Boycotts.

The training modules may be delivered in the form of seminars to which the general public is invited, in-house seminars for a particular company, on CD-ROM, over the web site, or in hard-copy for member's own internal use and editing to fit their particular culture and industry. This project is on-going.

- **National Symposium: Local Initiatives with Global Impact**

In the process of developing a national symposium that will advance thinking and promote awareness and action regarding business ethics management at the enterprise, community and global levels. The symposium will target CEO's, ethics officers, general counsels/attorneys, ethics practitioners (consultants), international business people, academics and graduate/Ph.D. students. The event will be tentatively scheduled for spring or summer 2001.

- **Minnesota American Business Ethics Award**

Founding sponsor of the Minnesota American Business Ethics Award [now to be called the Minnesota Business Ethics Award (MBEA)]. Awards were given to businesses in three categories – large public, private and small – that exemplify a strong commitment to both business excellence and the highest standard of civic and social responsibility, integrity and ethical conduct.

- **Net Impact Student Chapters**

Worked with representatives of the University of St. Thomas Graduate School of Business and the University of Minnesota Carlson School of Management towards the goal of establishing two separate Net Impact student chapters. To date, the University of Minnesota Net Impact Student Chapter has been formalized. Currently, a Day MBA student at the University of St. Thomas is working on establishing a Chapter at the University of St. Thomas this summer.

- **Essay Competition**

CEBC's Essay Competition seeks to stimulate interest and research by graduate business students in business ethics and corporate social responsibility and the challenge of creating an ethical business culture – at the enterprise, community and global levels. An unique feature of this project is that all participating students must secure both a Faculty and a Business Advisor/Sponsor to enter the competition, a concept that links the dual academic and practical goals of this competition and anchors research in "real world" challenges. This event is sponsored by the Center for Ethical Business Cultures in cooperation with the Elmer L. Andersen Chair in Corporate Responsibility at the University of Minnesota Carlson School of Management and the Koch Endowed Chair in Business Ethics at the University of St. Thomas Graduate School of Business. Funding required.

- **Simulation Concept for Teaching Business Ethics to High School Students**

Developed concept for a portfolio of simulations backed by web resources that could be used by high school teachers to build awareness and understanding of complex ethical choices in business and the challenge confronted by business executives in creating an ethical business culture.

This project will incorporate innovative educational strategies – a simulation, a game portfolio, internet information resources, and links to experienced educators and business managers. It is a tool that will challenge students to think about the implications of their actions as consumers, as employees, and in the future as managers. It is a tool that business and schools can use in working together on a shared project. Funding required.

- **Total Social Impact Fund**

This could be a very large, ground-breaking research project that creates benchmarks based on the *Caux Principles for Business* (which originated at CEBC/MCCR) and attempts to assess the performance of all companies in the S&P 500 against those benchmarks. At this stage it is a pilot effort. It entails cooperation with several organizations including the University of St. Thomas, University of Minnesota and Miami University of Ohio. Requires substantial front-end funding to go beyond the pilot stage activities in reaching a national and global audience. Funding required.

Geographic range of activities: To-date, the Center for Ethical Business Cultures' public and by-invitation-only programming has been almost entirely based in the Twin Cities metro area.

The Center has had the privilege of hosting several international delegations during the year:

- **Professor Alvaro Pezoe of the Aldolfo Ibanez University in Santiago, Chile**

Hosted visit by Alvaro Pezoa, professor of business ethics from Aldolfo Ibanez University graduate school of business in Santiago, Chile. The Center arranged meetings for Professor Pezoa with Ken Goodpaster – holder of the Koch Endowed Chair in Business Ethics at the University of St. Thomas Graduate School of Business, contacts with University of Minnesota Carlson School of Management Norman Bowie and Ian Maitland, and contact with University of St. Thomas staff to explore potential faculty or student exchange programs with his university in Chile.

- **Visit by Polish Delegation**

Led a discussion of corporate ethics and corporate citizenship for a visiting delegation of business and academic representatives from Poland. Participants included representatives of the: Foundation of Entrepreneurship of Tomaszow Mazowiecki; Small Business Assistance Centre at the Ozorkow Foundation of Entrepreneurship; Loan Fund Foundation of Entrepreneurship of Tamaszow Mazowiecki; Expansion of Business Assistance Centres (EBAC) with Polsce Project at Confederation College; University of St. Thomas Master of International Management program; and, the Center for Ethical Business Cultures.

- **State Department International Visitors Program**

Organized a presentation on business ethics and corporate community giving for five senior representatives from organizations in Bulgaria, Bhutan, Mozambique, Kosovo, and Sri Lanka. Guests were visitors of the Office of International Visitors Bureau of Educational and Cultural Affairs at the U.S. Department of State. The purpose of their visit to the U.S. was to learn more about the role of ethics in business and government.

Participants included representatives of the: Royal Audit Authority in Bhutan; European Left Party in Bulgaria; Business and Industry Association in Mozambique; International Cooperation Department at the Economic Chamber of Kosovo in Serbia-Montenegro; Sri Lanka Ports Authority in Sri Lanka; U.S. State Department; Minnesota International Center; University of Minnesota Carlson School of Management; Dain Rauscher Inc.; and, the Center for Ethical Business Cultures.

The Center is also actively involved in speaking engagements and conferences at the regional, national and international arena. Speaking engagements for Lisa Dercks and David Rodbourne include the: Corporate Counsel Association of Minnesota; Dorsey & Whitney; Gray, Plant, Mooty, Mooty & Bennett, P.A. Continuing Legal Education Seminar; Hinshaw & Culbertson; International Personnel Management Association; Minnesota Institute for Legal Education; Minnesota State Commission on Early Childhood Education and Financing; MultiCultural Forum; United Way of St. Paul; and, the University of Minnesota Carlson School of Management orientation for incoming MBA students.

IV. Administration, Staff and Advisors

As a part of its Strategic Initiative, the Center has reorganized its staff and is strengthening its corporate governance, including the revision of its By-Laws and the restructuring of its Board of Directors.

The changes are due in no small measure to the support that has been given by the leadership of the University of St. Thomas and the Graduate School of Business, particularly the Reverend Dennis Dease, Ph.D., Dean Ted Fredrickson, Ph.D., and GSB's Dean emeritus Michael J. Evers, Ph.D. They have helped make it possible for the Minnesota Center for Corporate Responsibility to grow into the Center for Ethical Business Cultures.

Small in number, the Center's staff functions very well as a cross-functional team, with each member bringing their unique and complementary gifts to strengthen the work of the team. David Rodbourne, the Center's Vice President, deserves particular mention for the outstanding job he has done this past year of shepherding day-by-day the Center's Strategic Initiative.

Staff restructuring included the following:

- The Center is in the process of naming a new President and CEO. UST Trustees along with Dean Fredrickson have been involved in the presidential search and selection process.
- Michael, J. Evers, Ph.D. – Dean Emeritus of the University of St. Thomas Graduate School of Business – continues to serve as Acting President pending conclusion of negotiation with the Center's new president expected by the end of June. Evers will continue to play an advisory role to the Center.
- Kenneth Goodpaster, Ph.D. – holder of the Koch Endowed Chair in Business Ethics at the University of St. Thomas Graduate School of Business, and Norman Bowie, Ph.D. – holder of the Andersen Chair in Corporate Responsibility at the University of Minnesota Carlson School of Management, have been named as the Academic Directors for their respective institutions. These positions are key linkages between the universities and the Center.
- David H. Rodbourne has been promoted to Vice President.
- Lisa H. Dercks, J.D. – the former Vice President and Associate General Counsel, Ethics Officer at Honeywell – has been appointed as the Center's Executive Business Fellow, Ethics.
- Teresa Rothausen, Ph.D., an Assistant Professor in the University of St. Thomas Graduate School of Business, has been named a Research Fellow in Work/Life at CEBC.
- Terri L. Hastings has been promoted to Director of Programs and Operations.
- Robert C. Shoemake has been hired as Director of Programs and Membership.
- Judi M. Olson has been hired as the Center's Administrative Secretary III.
- Jerilynn Young has been hired as a Summer Ethics Intern.
- Claire Harkrider Topp, a partner at Dorsey & Whitney has been selected to serve as the Center's Independent (outside) Legal Counsel.

V. Goals and Progress Report for 1999-2000

Goals

Outcomes

1. Continue to refine and begin

Lisa Dercks has begun working as the

implementation of strategic plans under the Center's revised mission and to begin the process of deepening our integration with the University of St. Thomas Graduate School of Business on the one hand and building a new set of working relationships with the University of Minnesota's Carlson School of Management on the other hand.

Center's first Executive Business Fellow, Ethics, developing and enhancing the Center's expertise and product offerings in business ethics management. Both university partners have named Academic Directors who will serve as liaisons between the Center and the universities.

2. Sustain CEBC (MCCR) programs and services to Member Companies and others in the community while strategic planning is underway.

Completed.

3. Sustain CEBC (/MCCR) revenues from Member Company dues which provide the bulk of the Center's operating funds (includes renewals and recruitment of new members), and augment those revenues with substantial grants intended to launch the development of the CEBC. Conclude FY 99-00 with a positive operating fund balance.

While there has been some attrition in membership renewals during the past year, this has been offset somewhat by new companies joining the Center and by former members re-joining. The Center will end the year in the black.

4. Develop and implement a new brand for CEBC, i.e., a new name, logo, and public identity.

The new name is official, having been registered with the Minnesota Secretary of State. The new logo has been designed and the roll-out of the new brand is underway.

5. Explore potential strategic alliances with related non-profit organizations.

An agreement was reached with the Caux Round Table. Conversations continue with Business for Social Responsibility, Boston College's Center for Corporate Community Relations, One Small Step and the Centre for Ethics and Corporate Policy in Toronto, Canada.

6. Maintain media and public visibility of CEBC (MCCR) in ways that reinforce the Center's new direction and strategy.

The Center has received positive press throughout the year, with favorable stories about its work appearing in both of the Twin Cities major newspapers. In addition, both David Rodbourne and Bob Shoemake have written articles about the Center's work which have been published in trade journals.

7. Execute a search for a new President and CEO, reorganize the Center's Board of Directors, and reorganize and build staff capacity.

The presidential search should be completed by 30 June 2000. The Board reorganization and staff capacity enhancement are on-going.

VI. Goals for 2000-2001

To implement strategic plans under the Center's revised mission and to continue the process of deepening our integration with the University of St. Thomas Graduate School of Business on the one hand and building a new set of working relationships with the University of Minnesota's Carlson School of Management on the other hand.

- To expand CEBC (MCCR) programs and services to Member Companies and others in the community.
- To increase CEBC (MCCR) revenues from Member Company dues which provide the bulk of the Center's operating funds (includes renewals and recruitment of new members), and augment those revenues with substantial grants intended to launch the development of the CEBC. Conclude FY 00-01 with a positive operating fund balance.
- To implement the Center's new brand, i.e., its new name, logo, and public identity.
- Explore potential strategic alliances with related non-profit organizations.
- Maintain media and public visibility of CEBC (MCCR) in ways that reinforce the Center's new direction and strategy.
- Finalize a search for a new President and CEO, reorganize the Center's Board of Directors, and reorganize and build staff capacity.

VII. Conclusion

The Center for Ethical Business Cultures (CEBC) assists leaders in creating ethical and profitable business cultures at the enterprise, community and global levels. Under its new strategic vision, the Center strives to be a leading global resource shaping solutions in ethics and corporate citizenship that add value to business.

The Center is an independent 501(c)3 nonprofit business association supported primarily by its 75+ member companies. The Center affiliated with the University of St. Thomas Graduate School of Business in 1988 and affiliated with the University of Minnesota Carlson School of Management in 1998. This business-driven partnership focuses the resources of two outstanding graduate schools of business on critical issues in business ethics and corporate citizenship by working closely with the Center's business membership. The Center is also developing cooperative working agreements with other organizations in the U.S. and around the globe.