Catalyzing a Contemporary, Tech Savvy Code while Planning a Merger & Acquisition

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BEHAVIOR CHANGE PROCESS

[A diagram showing the BEHAVIOR CHANGE PROCESS with sections for Awareness, Build Knowledge, Reinforce, Apply, and Recall]
Enable learning to happen anywhere using ...

Shorter, engaging, relevant, mobile micro-learning experiences in the workplace.
Regulators have long identified culture as a driver of good E&C programs. CEOs are taking culture seriously not just to reduce risk, but to enhance business outcomes.

- "... undertake an appropriate assessment of corporate efforts to create an organizational culture that encourages a commitment to compliance with the law and ethical conduct..."

  - US Federal Sentencing Guidelines

- "Culture needs to be set from the top. Members of the corporation need to know that the corporation is committed to ethical standards... and that executives... are role models for ethical business conduct."

  - UK Serious Fraud Office

- "... a corporation is directed by its management and management is responsible for a corporate culture in which criminal conduct is either discouraged or tacitly encouraged."

  - The Department of Justice

- "Culture eats process for lunch."

  - Alan Mulally

- "I can't overemphasize how important culture is to the business."

  - Lowell McAdam

- "When you have a values-based culture, people bring in their ideas."

  - Robert Hardt

- "There is something only a CEO uniquely can do, which is set that tone, which can then capture the soul of the collective. And it's culture."

  - Satya Nadella
“Just because the rules say you can do something doesn’t mean it’s the RIGHT thing to do…”

Justice Potter Stewart

DO YOU KNOW YOUR AUDIENCE?
WHO ARE YOUR GREATEST INFLUENCERS?

MENTORSHIP: LEAD BY EXAMPLE

- Leaders *shape culture*
- Leaders can be *exemplar models*
- Leaders *catalyze shared vision*
- Leaders are *influencers*
- Leaders translate the *abstract* into *practical* context
- Leaders *guide and coach*
- Leaders are more likely to have a finger on the *pulse of RED FLAGS*
POSITION THE CODE AS BUSINESS ENabler

• Optimize relevance, relatability and usability
• Emphasize appropriate outcomes over compliance
• Supply practical resources and tools
• Provide a framework for ethical dialogue, risk avoidance and values-based behaviors
• Define leadership responsibilities broadly

EMERGING CODE TRENDS

Codes are becoming increasingly values based

• Presented as intrinsic and foundational
• Articulated in behavioral terms
• Connected to desired culture and business outcomes
• Instrumental in managing risk and protecting reputation
• Integrated throughout with practical application
• Increase ongoing dialogue around the Code
CORPORATE PROFILE

- FORTUNE 150 company that works in every stage of the energy business: power generation, competitive energy sales, transmission and delivery.

- As the nation’s leading competitive energy provider, Exelon does business in 48 states, D.C., and Canada and had 2015 revenues of $34.5 billion. We employ approximately 34,000 people nationwide.

- Exelon’s family of companies represents every stage of the energy value chain.

- Exelon Generation is one of the largest competitive United States power generators, with approximately 32,700 megawatts of owned capacity comprising one of the nation’s cleanest, lowest-cost power generation fleets.

- Constellation provides energy products and services to approximately 2 million residential, public sector and business customers, including more than two-thirds of the Fortune 100.

- Exelon’s six utilities deliver electricity and natural gas to approximately 10 million customers in Delaware, the District of Columbia, Illinois, Maryland, New Jersey and Pennsylvania through its Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and Pepco subsidiaries.

MERGER & ACQUISITION

Mergers may result in the drafting of a new Code of Conduct but often a “merger” is really an “acquisition” which results in one organization being integrated into the business and culture of another.

- Mergers are exciting but also scary
- Be open to new ideas
- Your Code of Conduct can, and should, be a vehicle for highlighting the shared values of the two organizations and clarifying expectations
- Meet as many of your new co-workers as you can and involve them in delivering your message
- Reach out early and often and be creative—your new colleagues will be bombarded by post merger communications so you must find ways to sure your message gets heard
- Get new folks on your training regimen asap
A great company deserves a core document that is clear, accessible, easy to read and visually engaging.

**Old Code**

**New Code**

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**eCode**

- Exists electronically
- Is easily accessible from your intranet or the internet and most electronic devices
- Features smooth maneuverability for your employees
- Hyperlinks from your Table of Contents to any section
- Links directly to referenced policies, documents, web addresses or email
STAKEHOLDER BUY-IN

Buy in from important stakeholders
- Communications
- Executive sponsorship
- HR
- Legal

Budget
Get a ballpark cost from potential vendors and use it to get support- transformation is cheaper than you think!

SELECTING A VENDOR

Your vendor will be giving life to your vision, so:

- Be clear about what you want and need
- Get references if possible, particularly if you have not worked with them before
  - See examples of their work
  - Talk to other clients
  - Ask who, specifically, would work on your team and ask to see their prior work
Consider two tiers for your project team

Core Team
• Small number of people that do the heavy lifting
• See all drafts, participate in redlining
• Consider in-house counsel (employment attorney if you have one), communications, ethics/compliance staff, possibly HR

Full Project Team
• Broader group that is supportive of the project from other key stakeholder groups
• Include thought leaders, sponsoring executive (if possible), managers

Staying on track is key—especially if you have a deadline

Vendor should have a project manager responsible for keeping your leader aware of time management issues
• Too much time getting started may mean a rush at the end
• Be realistic about the time your leadership needs for review—you know them best
**THE LANGUAGE**

Your Code of Conduct should not:
- Cause drowsiness
- Remind you of your mortgage loan application

Your Code of Conduct should:
- Make use of active versus passive voice
- Keep the language clear and concise and avoid too much narrative form
- Use examples for important points and make them relevant to actual experience
- Favor less legalistic language (where possible)

**CREATING A FRAMEWORK FOR GUIDANCE:**

User-friendly guideline for evaluating our actions...

Is my action legal?

Is my action honest in every respect?

Will my action comply with the intent and purpose of the Code?

Does it conform to Exelon’s policies and procedures?

Could I defend my action in front of supervisors, fellow employees, the general public and my family?

Would I mind my action being reported in media channels?

Do I feel comfortable taking the action?

Do I have all the information I need to make a good decision?

If I am not sure, have I sought advice?
CALL OUT BOXES FOR WITH GUIDANCE:

Conflict of Interest Quick Test
If I take this course of action:
1. Will I feel obligated to someone else?
2. Am I acting inconsistently with Exelon’s values?
3. Is there a chance that my independent judgment could be compromised?
4. Could it give the appearance of impropriety or divided loyalty?

If you answer “yes” to any of these questions, a real or perceived conflict of interest may exist. Immediately seek guidance from a manager or the Ethics and Compliance Office.

ROLLOUT

Introducing your employees to their new Code of Conduct and eCode

- Easy Access Points
- Email, newsletters, other traditional communication
- Ambassadors-HR, Legal, supervision
- Incorporate into training
- Market it to your people
  - Greater functionality as a reference for employees
  - Teaching tool
  - Investigation tool
Coming full circle:
Easy electronic access may be a primary goal of a new Code project, but don’t forget the value of hard copy– especially if your organization features a large number of field employees.

- Mirror other versions of the code (same page #s, same photos, etc.)
- Make it portable– Can it fit in a pocket or the glove box of a work truck?
- Time distribution with training