

Ethical Managers Make Their Own Rules

SIR ADRIAN CADBURY

In 1900 Queen Victoria sent a decorative tin with a bar of chocolate inside to all of her soldiers who were serving in South Africa. These tins still turn up today, often complete with their contents, a tribute to the collecting instinct. At the time, the order faced my grandfather with an ethical dilemma. He owned and ran the second-largest chocolate company in Britain, so he was trying harder and the order meant additional work for the factory. Yet he was deeply and publicly opposed to the Anglo-Boer War. He resolved the dilemma by accepting the order, but carrying it out at cost. He therefore made no profit

out of what he saw as an unjust war, his employees benefited from the additional work, the soldiers received their royal present, and I am still sent the tins.

My grandfather was able to resolve the conflict between the decision best for his business and his personal code of ethics because he and his family owned the firm which bore their name. Certainly his dilemma would have been more acute if he had had to take into account the interests of outside shareholders, many of whom would no doubt have been in favor both of the war and of profiting from it. But even so, not all my grandfather's ethical dilemmas could be as straight-forwardly resolved.

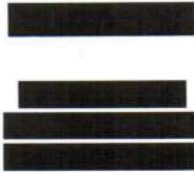
~~addresses a letter to those working on the paper and to its readers.~~
The way my grandfather settled these two clashes of principle brings out some practical points about ethics and business decisions. In the first place, the possibility that ethical and commercial considerations will conflict has always faced those who run companies. It is not a new problem. The difference now is that a more widespread and critical interest is being taken in our decisions and in the ethical judgments which lie behind them.

~~Secondly, as the~~
The rule that it is best to tell the truth often runs up against the rule that we should not hurt people's feelings unnecessarily.

Openness is also, I believe, the best way to disarm outside suspicion of companies' motives and actions. Disclosure is not a panacea for improving the relations between business and society, but the willingness to operate an open system is the foundation of those relations. Business needs to be open to the views of society and open in return about its own activities; this is essential for the establishment of trust.

~~out shirving those decisions is likely to be the least ethical course.~~
The company which takes drastic action in order to survive is more likely to be criticized publicly than the one which fails to grasp the nettle and gradually but inexorably declines. There is always a temptation to

Society sets the ethical framework within which those who run companies have to work out their own codes of conduct. Responsibility for decisions, therefore, runs both ways. Business has to take account of its responsibilities to society in coming to its decisions, but society has to accept its responsibilities for setting the standards against which those decisions are made.



Sir George Adrian Hayhurst Cadbury, CH, DL



12 August [REDACTED]

Dear Sir Adrian,

With many thanks to our mutual acquaintance, the so recently and tragically departed (and so unfortunately but—I admit with regret, and with respect to recent reporting—perhaps rightfully disgraced) Mr. [REDACTED], it is my immense honour to engage in this correspondence. I know it has been some time since you and I last met at your estate with Mr. [REDACTED], so I hope that my communication is not unwelcome.

I must first thank you with great sincerity for your unwitting contributions to the success of my own enterprises. The tactics set forth in your prize-winning article have directly informed the decisions by which we have produced unprecedented and sustained returns for our shareholders at [REDACTED]. To be able to do so while maintaining a morally righteous public image only adds to our satisfaction.

Additionally, the prudence and surety with which your grandfather was able to navigate the exceedingly difficult situation described in your article is truly admirable. Lucky for him that your family maintained complete control of the company, as the calculations involved in appeasing external shareholders would no doubt have added unnecessary stress to an already tense situation. Nevertheless, I cannot begin to imagine how he must have felt weighing the decision between making what would have, without question, been a significant profit on the massive order by Her Majesty, and maintaining the impression of a leader who had eschewed moral bankruptcy in the face of corporate interest. Bravo to him! And bravo to you for carrying on his legacy!

I confess that I am a bit of a collector myself, and, in addition to the marvelous cultural trophies which adorn my walls, I too have several examples of the very same Cadbury tins your grandfather produced all those years ago.

I must now unfortunately and abruptly change course and disclose to you a rather pressing matter and the impetus for this letter, on which I humbly request your advice, as the geopolitical implications of this situation are profound and developing even as I write to you. Despite the aforementioned growth of [REDACTED] and the generally positive public perception of the company and our directors, I have been told that a member of our board has not done his due diligence to maintain this delicate façade and risks compromising its fiduciary potential. It has been brought to my attention that [REDACTED], under the direction of our very own vice chairman, Mr. [REDACTED], have [REDACTED] a close ally of the United Kingdom in [REDACTED].

I fear the veil has been pierced.

I request your advice on the matter as I am aware you have regularly dealt with similar situations during your time as chairman of Cadbury Schweppes and director of both the Bank of England and IBM. For instance, [REDACTED]. I know as well that, while perhaps a positive immediate response, this incident cannot simply be resolved through the swift termination of Mr. [REDACTED], as this situation itself and any reactive measures undertaken will no doubt encourage greater scrutiny of the entanglements of our other board members, and the reality of our company's practices and interests more generally.

The tenets elucidated in your article are certainly fantastic values to present outwardly and appear to follow, but I worry that they are completely incompatible with the reality of operating a business such as yours or mine. I can only assume that you, too, are acutely aware of this reality given your esteemed position and history of leadership. What better diversion than assuming the role of moral arbiter for your peers and all who aspire to their rank?

I would like to preemptively apologize in case the wrong impression has been made, as my inquiry is certainly not intended as disparagement, but rather presented out of a deep and genuine admiration for your strategic acumen. If anything has been made clear during your time as chairman, it is that your inventive approach to corporate governance will surely never be forgotten.

So, Sir Adrian, in the face of this conundrum, with candor and at the risk of being brash, I write to you to ask: how have you sustained the illusion?

Yours faithfully,

[REDACTED]

[REDACTED]



BANK OF ENGLAND

[REDACTED]
[REDACTED]

2 September [REDACTED]

Dear Mr. [REDACTED],

Sir Adrian Cadbury has no knowledge of the activities, events, or persons to which you refer in your letter, including your supposed "mutual acquaintance," with whom Sir Adrian has never had a relationship.

Please kindly refrain from any further solicitations.

Regards,

[REDACTED]

[REDACTED]