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Title of the Paper: COIs coil around & strangle projects - Effective Techniques for Identification & Resolution

Theme: To accelerate economic growth

Keywords: Conflict of interest, Effective techniques, Project success, transparency

Abstract:

One step away from winning. You land on a square where a giant snake plunges you to the bottom! Yes, that's the Snakes & Ladders game, but such situations occur in global projects too.

This is indeed India's century. However, a key hurdle is perceptions that we are low on transparency & often pay lip service to Ethical Values, Respect for Intellectual Property, etc.

India recently ranked #79 of 175 countries in Transparency International's global "Corruption Perception Index" [1]. Though an improvement from #95 in 2011 to #79, this hurts India's image.

To take its rightful place as a global leader, we need to act to change these perceptions. "Swacchata" is not limited to clean public spaces. It applies to clean business practices too. As leaders, we have a key role to play.

PMI's Code of Ethics & Professional Conduct: "...the subject of conflicts of interest (COI) is one of the most challenging faced by our profession..." [2]

This abstract will actively engage attendees to identify, resolve COIs and hence improve project success rates.

Coverage using the proven S-I-R (Situation-Impact-Resolution) approach [3]:

1. Transparency – India's crying need
2. Effects of non-transparent leadership
3. COI definition & difference from self-interest
4. Real-life examples showing difficult leadership dilemmas & damaging impacts
5. A few (2-3) attendees to share typical COI situations
6. Effective strategies including the EDMF [4]
7. Crisp summary with practical takeaways for implementation

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Introduction

Economic experts the world over concur agree that India can indeed take her rightful place as a global leader in the 21st Century.

Our nation has many factors in her favour:

1. Stable political systems and democracy
2. The world's best democratic dividend, including a large pool of young, educated, English-speaking workforce
3. Punching well above its weight in terms of a track record of innovation

Does this mean it is smooth sailing all the way to this goal? Certainly not! There exist many difficult hurdles to achieving this national goal, namely:

- A. Huge gaps in Infrastructure
- B. Need for huge infusion of finance
- C. Attitudes towards Safety & Quality
- D. Respect for Intellectual Property
- E. Widespread corruption (low ranking on the World Transparency Index), etc.

Unless we recognize these real issues and work steadily towards solving them, India's partners and customers across the world will hesitate to do business with us. Worse, they may find it very difficult to acknowledge our global leadership.

None of these problems can be solved overnight and India, in the past three years has made significant improvements in some of these areas with big positive jumps in international rankings on Transparency, Innovation, etc.

Yet, we still have many miles to travel in these directions.

It is beyond the scope of one paper to cover solutions to multiple areas.

As such, the authors have therefore focused on one key area of Transparency & Ethics, with a very specific focus on Conflicts of Interest (COIs).

As mentioned in the abstract, this paper delves into the following to set the right context:

- COI Definition
- Common Sources
- Serious Negative impacts

The authors will spend most of the presentation time in the following two critical areas:

- Typically difficult COI situations
- Effective strategies to handle COIs.

Main body of the paper

The importance of COIs is highlighted from the widespread debates in the US media after the recent election of Donald Trump as President. Numerous experts in the area of Governance have pointed to the huge COIs between President Trump's role in the White House and his numerous business interests all over the world. [5]

Relevance to India & Global Leadership

Let us delve a little deeper with an analogy to a well-known game invented in ancient India and now known the world over.

"Paramapadha", "Saap aur Seedhi", "Mokshapal": All names for the ancient Indian board game now commonly known as "Snakes & Ladders".

All players start at Square One and compete with others to become the first to reach Square 100. Each player throws a die and progresses based on the number thrown. Land on a square where a ladder ends, and you can climb straight up to where it ends, stealing a march over others. On the other hand, landing on a square featuring the mouth of a snake can bring you swiftly down, losing much of the progress across several rounds of tossing the dice.

We have all seen this happen, not once but many times in careers and projects! A combination of hard work, intelligence, innovation and the right dose of luck catapult many to heights that are envied by their colleagues. Yet, just a few steps away from ultimate glory, the same individuals are brought crashing down because of some ethical mistakes that were knowingly or unknowingly committed!

Decision-making: A critical skill for Project/Program/Portfolio Managers

On virtually a daily basis, in projects and personal situations, leaders need to make decisions by analyzing available data, combining with insights and judgements. Since any decision can be defended with logic, it often happens that unethical decisions are justified as “going with the flow”.

However, such shortcuts, as we saw earlier, can ultimately result in flaming failures at the very jaws of success.

Chances of the right decision increase when the process used to arrive at it is transparent. Clean and transparent business practices not only give peace of mind to the business leaders but also create an environment of trust, confidence and assurance that stakeholder's interest will be taken care of.

Non-disclosures and non-transparent behaviors causes more harm to the business than the any other external uncontrollable factors.

As mentioned earlier, modern India has a crying need for transparent systems and ethical leadership. This will help build trust not only among the customers but also team members.

Conflicts of Interest (COIs) plague Leaders

Leaders often find themselves in situations involving COIs.

In a society where corruption and self-interest is rife, leaders may not even realize that they are in a COI situation. It therefore becomes very easy to fall prey to situations where you choose one option over other without analyzing why you choose that.

COIs are among the thorniest issues that organizations and professionals face. There are a virtually infinite variety of situations that might create a conflict, existing as they do at the intersection of personal, family, financial and organizational interests. Additionally, because appearances are so important in this area, it is often difficult to draw bright lines. Moreover, actual, apparent, and potential conflicts very often involve family and other personal relationships, triggering various sensitivities, both individual and cultural.

Unlike many other Ethics & Compliance related risks, conflicts of interest are a real possibility for a large number of employees in most organizations

The authors have therefore chosen this critical area as a crucial facet in which our proud nation needs to focus on to improve her standing as a global leader.

Leaders of organizations consistently find it difficult to remain transparent because at some level, this simply means being open, using clear communication and being responsible for your own actions. Being a leader, decision making is a daily routine and being transparent involves:

- Providing the right inputs to the process (setting the right context and telling the truth)
- Increasing inclusiveness in the decision-making process (involving the right stakeholders and disclosing information openly to generate trust among the stakeholders)

Non-disclosures and non-transparent decision making have their own ill effects. It's not only on the organization internally but also on the external environment.

Key advantages of increased transparency in decision-making

A. Increased level of trust and engagement among your team:

Team members' increased trust in leadership results in higher levels of engagement. These improved levels go a long way in them pulling in unison towards the higher goal of the project/program or portfolio. Solid contributions in terms of improved innovation and proactive problem-solving are other key benefits.

As an example, leadership of the social sharing application start-up "Buffer" makes company performance public with progress reports on customer support, blog performance, business performance and more.

Not only does doing so increase accountability, it also highlights issues and encourages employees to find solutions. [6]

B. Better talent retention of the team members

The more transparent an organization makes its decision making and overall business processes, the more it will be helpful in retaining the talents of your organization.

C. Increased levels of Trust

Stakeholders from various groups are far more likely to contribute effectively when they are treated with courtesy and respect.

For example, Tata Motors openly disclosed the reasons for shifting their Tata Nano plant from Singur in West Bengal to Sanand in Gujarat. They were honest about the intractable problems faced by them in West Bengal's political milieu.

Such actions not only increased trust amongst various stakeholders; it also ensured a greater level of performance within internal teams.

In most of cases, lack of workplace transparency is the major cause of distrust amongst stakeholders

Leaders need to foster a culture of trust between them and those they lead. Employees who are kept better informed understand their roles in the overall mission and goals of the company far better. They are thus more likely to perform better.

Codes of Ethics & Professional Conduct in various professions

Ethics and professional responsibility is a key facet of any respected profession. For examples, doctors take the Hippocrates Oath. Professionals in the legal profession also have an extensive code of Ethical conduct. Wikipedia details several professions that hold members of the community to a professional code [7] [8]

- a. Society of Professional Journalists
- b. Public Relations Society of America
- c. Royal Institute of British Architects
- d. Institute of Chartered Accountants of India.

The Project Management Institute (PMI)

Founded in 1969 and with over 11.5 million members and credential holders in 280+ countries, PMI is a leading not for profit professional membership association for the project Management profession This respected worldwide organization delivers value to more than 2.9 million professionals working in almost every country in the world through global advocacy, collaboration and research. In PMI's own words from its website: . [9]

“Our worldwide advocacy for project management is reinforced by our globally recognized standards, certification program, extensive academic and market research programs, chapters, and our volunteer and professional development opportunities.”

PMI's Codes of Ethics & Professional Conduct

In a very popular video on the official YouTube channel [10], PMI CEO Mark Langley strongly emphasized how this area is given its due importance.

Experienced volunteers in the Ethics Member Advisory Group (EMAG) work with the PMI's Board of Directors and Staff to espouse PMI's Code of Ethics and Professional Conduct.

Similarly, experienced volunteers in PMI's Ethics Review Committee (ERC) carefully judge on cases of complaints of violations of the Code made against PMI Members, Credential holders and Registered Educational Providers (REPs).

The Code highlights four major pillars. It prescribes mandatory and aspirational requirements for each.

1. Honesty
2. Responsibility
3. Respect
4. Fairness

PMI's Code of Ethics and Professional Conduct applies those values to the real-life practice of project management, where the best outcome is the most ethical one.

COI Definition

The Project Management Institute's "Code" describes a "Conflict of Interest" as:

"A situation that arises when a practitioner of project management is faced with making a decision or doing some act that will benefit the practitioner or another person or organization to which the practitioner owes a duty of loyalty and at the same time will harm another person or organization to which the practitioner owes a similar duty of loyalty." [2]

Another take on COI from the Wikipedia reads:

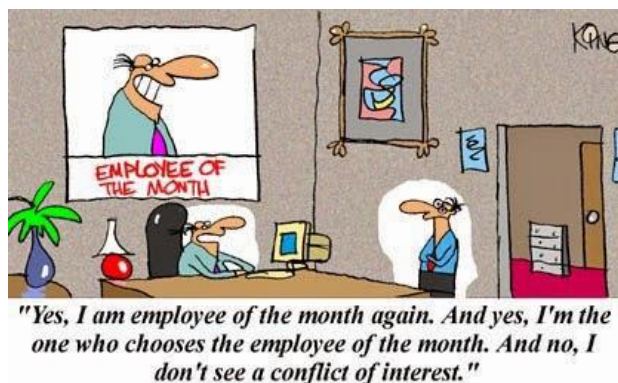
"A **conflict of interest (COI)** is a situation in which a [person](#) or [organization](#) is involved in multiple [interests](#), [financial](#) or otherwise, one of which could possibly [corrupt](#) the motivation or [decision-making](#) of that individual or organization.." [11]

COIs have also been humorously depicted, as in Dilbert's cartoon in Figure F1: [12]



A few more humorous takes on COIs will be used by the authors of this paper to help session attendees better understand them. A few samples below:

StatsBlog.com has this humorous COI situation depicted in Figure F2 [13]



And this cartoon in Figure F3, from a popular article titled "Conflicts of Interest: What to do when the decision is not clear-cut" in the "Progressions" blog of the Public Relations Students Society of America [14]



Sources of COI:

The not-for-profit foundation “Responsible Conduct for Research” listed several possible categories of COI [15], including, but not limited to:

- a. **Financial:** A situation where an individual may gain in monetary terms when a decision goes in a direction that he or she may have wanted it to go.
For example, a project manager may gain financially from a crucial decision in choosing the vendor of a supplier. The financial gain may have been in the form of a sponsored vacation, expensive gifts or presented an opportunity to gain financially in future are good examples of COI situation.

- b. **Personal:** Here, an individual's private interests, say outside professional relationships or personal financial assets, could interfere while performing public duties.
A good example is the cartoon situation in [14] where a doctor prescribes medicines manufactured by a company in which he holds a considerable stock/shareholding.

- c. **Prejudicial:** Such COI situations may happen when an individual has an interest in a topic under debate that may affect their ability to decide in a fair and objective manner.
A typical example would be that of a board member discussing about a project to be awarded to a vendor company in which he or she has an interest. The training board of an organization member has an interest in the course being approved and is therefore considered to have a "prejudicial interest".

Typically difficult COI situations

Space constraints limit the detail into which we can go, but the authors of this paper will spend considerable time in this topic and the one that follows.

Some conflicts are easy to find and handle. On the other hand, several others force you to choose between self-interest and the interest of your project or employer.

They can be several such piquant situations. We list below a few such situations.

During the conference session, we will also invite two or three attendees to share tough situations they faced.

- A. The project you are currently managing is critical to your career progress. However, due to reasons well beyond your control, the project is sure to fail. Will you recommend killing of this failing project at the risk of damaging your career? Michael O'Brochta, currently Chair of PMI's Ethics Member Advisory Group (EMAG) deals extensively into this situation in this detailed blog post on ProjectManagement.com [17]
- B. A key resource on your project team has a unique skill-set which is hard to acquire. Arrogance, perhaps caused due to his indispensability, makes him a very disruptive force on your project. This is causing severe team dysfunction. Faced with the prospect of not able to easily replace his skillset, will you still fire him from your project team?
- C. A key project requirement is to be met by a vendor who is a monopoly in their industry. Cost constraints have forced your procurement department to issue an order with this vendor. The vendor's performance on your project is miserable, both in terms of quality of deliverables and service levels. This situation is adversely affecting your project's deliverables. At the same time, the cost of changing vendors is high. Will you terminate the contract and look for a new vendor?

Effective strategies to handle COIs

Through this paper, we have established the dangers posed by COIs to project and leadership success.

We have also presented a few very tricky situations which seem to put you, the project/program manager in a seemingly "choose between the devil and the deep blue" quandary.

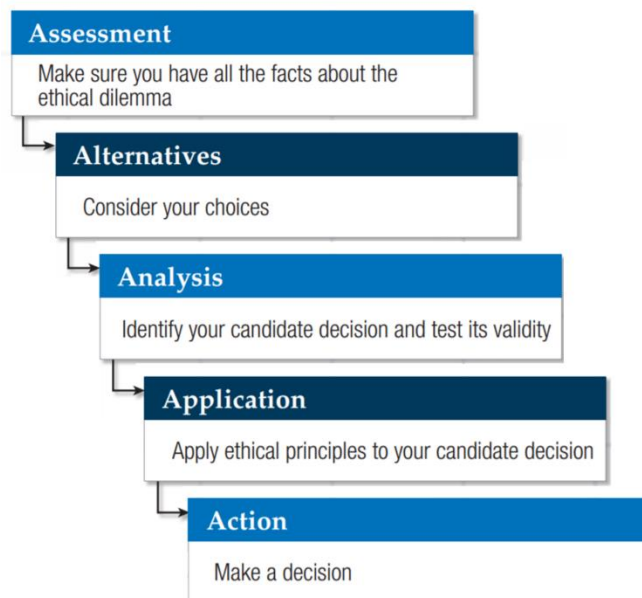
Neal Whitten, in "The #1 reason why project managers fail: too soft!" forcefully argues that much of project failure is attributed to the fact that most project managers, faced with tough decisions, end up choosing not to take decisions. Even if they did take a decision, they often do not exhibit the courage needed to take hard decisions. [17]

What are some of the effective strategies to take good decisions in bad situations?

We recommend a few that are often-cited as Best Practice.

During our conference session, we will also invite attendees to share any other strategies they successfully used.

- **Be Proactive:** Actively look for COIs or even appearances of COIs.
- **Avoid:** Try your best to avoid getting into a situation where there could be a potential conflict
- **Disclose:** If you recognize that you are in COI or if you are not sure if this is COI, it is always better to disclose the same to all the relevant stakeholders and then allow them to decide if this is COI situation or not.
- **Code of conduct:** When you realize you are in a COI situation, always refer to PMI's Code of Ethics and Professional Conduct. The Code is very effective guideline document which will help you not only to recognize the COI but also helps you to deal with it.
- **Independent evaluations:** Independent evaluations are one of the method to be adopted to recognize and dealing with COI. These evaluations can be done by outside consultants, experts and subject matter experts who can suggest if this is COI situation and how to go forward to mitigate and resolve the same.
- **PMI's Ethical Decision Making Framework (EDMF):** This valuable tool from PMI is a practical resource to guide you toward ethical choices and accountability. It will be invaluable in arriving at decisions when faced with ethical dilemmas. [3] A summary of the EDMF is in Figure F4:



Conclusion

COI situations can happen to anyone and at any time. In the Indian scenario where corruption and nepotism are widespread, these situations are more frequent than those in countries above us in the Transparency Index.

Running away such situations is not a choice. Neither is indecision. Soft or safe choices can doom entire projects to failure.

For, as Neil Whitten forcefully adds in [17]:

“IF YOU HAVE DIFFICULTY making unpopular decisions...if you allow what others think to be more important than what you think about yourself...if you follow the “squeaky wheels” around you rather than your own inner compass...then you might not be ready to be an effective and successful project manager. But don't despair. Almost all project managers who perform their roles effectively today had these challenges to overcome yesterday. You too can persevere if it is important to you.”

India, as a country aiming for its rightful place at the global leadership table, cannot afford to lose respect or business due to failed projects caused by unethical or conflict-ridden behaviour.

It is critical for us, as the Project Management community to proactively identify COIs as early and possible and adopts effective strategies to mitigate them.

Let's do it! Jai Hind!

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