A Year in Review:
2020 Workplace Scandals & What They Say About Today's World of Work

Foreword

We all strive to build world class teams focused on clients, innovation and helping associates thrive to drive growth and shareholder value. We spend time, effort, and capital to build out new leading-edge technology that supports teaming and collaboration, all directed to build out our most strategic asset: Human capital.

One important, yet often discounted aspect of developing talent is culture. And culture matters today more the ever.

The widespread work-from-home era, which at the time of this writing looks to be stretching well into 2021, has been intensely challenging for leaders and managers focused on culture. I believe, however, that with reflection on the information contained in this ClearForce report, we will emerge from this moment with a renewed sense of both the possibility and power of team building.

Within this report are three incidents of bad company cultures – which show up in extreme cases such as harassment, bullying, intimidation and even wage inequities – that could have happened in any year. But here, ClearForce sheds light on what often gets overlooked, which is the subtleties of leadership traits that either build cultures and define it, or minimize and chip away at it.

Most companies talk the talk on culture, but moments of truth happen every day and leaders must walk the walk through daily examples. For example, companies that claim to be "client centric" but ignore client complaints, that don't measure client sentiment via a Net Promoter Score (NPS), or that fail to listen send mixed messages to high-potential talent who over time find the right mix of culture leadership and growth and simply exit. Companies defining their real culture will become more important as distributed workforces become the norm, and day-to-day, in-person interactions that help build cultures become less frequent.

Culture can be measured, and extreme cases can be prevented with data and analytics. ClearForce's report explains this in greater detail and helps readers identify resources that can provide support at all levels and actually measure company culture before problems snowball. The key is digitizing culture through data-driven analytics that measure how a corporate culture change is being implemented, and also identify any potential pain points.

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Positive culture-building relies on a few key elements:

- Culture is defined at the top, but it isn't isolated with the executives. Culture flows down and touches every aspect and level of an organization's makeup.
- Creating a good culture must be a team effort so that it is cohesive and effective. There can't be a battle of "us versus them" between the C-suite, management and employees.
- Company culture must be more than just a list of goals or expectations for employees to follow. Culture defines what a company is at its core and what it strives to be in the future.

Business leaders: When reading this white paper, I call on you to take the time to reflect on the examples presented, utilize its checklists, and seize this opportunity to evaluate your own company's culture and invest in technology-enabled cultural change. You'll be glad you did.

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Introduction

There is no shortage of things for business leaders to reflect on this year. From how Covid-19 impacted their sales and work-from-home policies, to how social movements and workplace scandals called into question company values, the events of this past year have had an undeniable impact on the world of work.

The changes brought forth by Covid-19 have emphasized the importance of culture in uniting distributed workforces. But even when the pandemic is over, there will remain a public desire for organizations to be held increasingly accountable for their contributions to creating a safe, secure and equitable company culture – or in some cases, their lack thereof.

This white paper details three of 2020's most notable workplace scandals – within the Washington Football Team, *The Ellen DeGeneres Show* and McDonald's – and highlights for business leaders what should be the lessons learned from these organizations' experiences.

At the most foundational level, the scandals of the Washington Football Team and *The Ellen DeGeneres Show* remind us that issues of misconduct can be especially acute in industries that are driven by a star system, where "rainmakers" are off limits. We see it in sports, Hollywood, Wall Street, and even the private sector, in cases where the organization revolves around a few big revenue producers or salespeople.

All examples, however, illustrate that coming to terms with a toxic workplace culture on a national stage is hardly ideal for any organization. When a crisis strikes, it's not enough to declare intentions to act or make changes. Business leaders have to commit to driving a cultural shift and act accordingly to implement the promised changes.

In this white paper, we explain why technology-enabled cultural change will have to be a priority for business leaders in 2021 – and why an "us versus them" mentality must go. We share a checklist of actions business leaders can start working toward today, as well as questions for the self-evaluation of best practices.

Company culture doesn't apply solely to employees and executives but extends to the kind of stockholders and customers an organization will attract and the message they project to the rest of the world. When companies lose focus on customers, innovators enter. When the companies experience employee-facing issues, that has an influence on stockholders. When cultural issues emerge, activists enter.

Business leaders who want to avoid scandals, unrest and backlash in 2021 should strongly consider these recommendations. The wisest will act on them, investing today in the tools they need to take a more proactive approach to improving their culture and preventing company crises.

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Case Study #1: The Washington Football Team

What Happened

In July, *The Washington Post* reported on allegations of serious and widespread employee misconduct within the Washington Football Team. Fifteen female former employees, who were initially scared into silence, came forward and detailed their experiences of being sexually harassed and verbally abused by top team executives while working for the organization. Most only agreed to speak under the condition of anonymity, citing a fear of litigation for speaking negatively about the organization.

What Could Have Prevented this Crisis

Too often, and as was the case here, the onus is put on the employee to say something. And without the protection of anonymity, they don't report for fear of repercussions.

Considering the allegations ranged from issues that began in 2006 through 2019, had the Washington Football Team had a system through which individuals could anonymously submit concerning reports received by the appropriate personnel in real-time, there would have been ample opportunity for course correction over the years.

Passively waiting for misconduct to be brought to leaders' attention, rather than actively seeking it out, will only result in bigger problems in the long run – as the Washington Football Team's 2020 scandal so clearly demonstrates.

> *"These are the challenges that organizations face all the time. And unfortunately, most of them are handling it in an ad-hoc way, that all of a sudden creates these media crises because something bad happens and they don't have a good answer for, or good record of, exactly how all that transpired."*
>
> *– ClearForce CEO Tom Miller in Forbes, 7/18/2020*

Equally important is making sure those real-time alerts get into the right hands. Leaders can't become complacent and just kick these issues to Human Resources alone, because culture is a team sport. Instead, they must remove any inherent bias by establishing a centralized workflow, whereby each complaint goes through an identical, consistent and compliant review process that coordinates each department with authority and responsibility to act. They must also utilize a platform with a role-based architecture, which allows for multiple, designated reviewers to see a report and potentially move forward with an investigation.

Key Takeaways

- Proactively and systemically seek input on the policies you've implemented and the impact they've had. Don't just sit back and wait for people to come to you, or, even worse, hope that they don't.

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Case Study #2: *The Ellen DeGeneres Show*

What Happened

In July, reports came out detailing complaints from current and former staffers on *The Ellen DeGeneres Show* regarding an alleged toxic workplace culture, filled with sexual harassment, racism, intimidation and fear. Following an investigation into the allegations, three top producers on the show were fired. Ellen initially distanced herself from the issue and denied having any knowledge of the misconduct, only later making public statements taking responsibility for any problems with the show.

What Could Have Prevented this Crisis

The primary issue here is that leaders cannot separate themselves from the conduct of those throughout their organization. Culture is defined by moments of truth, and they must empower victims to come forward, actively root out misconduct throughout the organization, and take responsibility for what happens on their watch.

Another problem illustrated by this case is that we tend to pay attention when a report of misconduct, bullying or intimidation involves a celebrity, high-profile individual or big-name company. But the reality is that toxic cultures can occur at any level and at any scale.

> *"There needs to be a uniform standard that states, 'If you commit X, then Y happens,' regardless of title or status in order to truly drive culture change and lessen the frequency of workplace misconduct."*
>
> *– ClearForce CEO Tom Miller in Yahoo Entertainment, 8/5/2020*

Leaders cannot allow for a culture that permits intimidation, which means whistleblower and other internal incident reports should be sent straight to company boards. This is the only way issues can be dealt with without interference from intermediaries, like managers and executives, who might let their own biases come into play.

Ellen did apologize and commit to making changes, but only after initially denying that she had any knowledge of the issues. If this organization had a system in place to centrally discover, investigate, verify and act upon anonymous workplace complaints, she would have been aware of the issues from the start and could have gotten out in front of them before they exploded publicly.

Key Takeaways

- Initiate the shift – it's not enough to talk the talk, you need to walk the walk.
- Show your employees that leadership is acting in the best interest of everyone, from entry-level employees all the way up the corporate ladder. You lead by example, so make your actions count.

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Case Study #3: McDonald's Franchises

What Happened

McDonald's is currently being sued as a result of the alleged racist actions of an Illinois franchise owner. The Illinois suit's allegations point to a problem "symptomatic of a pattern or practice of McDonald's corporate leadership's failure to address pervasive racism and anti-Black sentiment throughout the organization," placing the blame for this behavior on everyone "from executives in the C-suite, to individual managers at restaurants throughout the country."

What Could Have Prevented this Crisis

All organizations that operate within a franchise model are at risk of having a similar experience to McDonald's. Franchises can easily face issues with discrimination by neglecting to effectively manage two separate factors: corporate policies and customer-facing employees.

Corporate policies can have a disparate impact on protected-class employees and create a toxic culture that can lead to disengaged, angry employees and an untenable work environment.

> *"Leaders must make a formalized, concerted effort to seek out issues with bias and discrimination, and utilize technology to make data-driven decisions that stamp them out for good."*
>
> *– ClearForce CEO Tom Miller*

When customer-facing employees exhibit and act on their biases, they create a negative reputation for the entire company. Employees operating under compounding pressure and stress may be more likely to communicate hostility, bias and discrimination. While these issues may not apply to every location or represent the company's views, the public does not separate an individual or the smaller unit from the whole.

Technology can help large-scale organizations with many moving parts make sense of the information they collect to measure the impact of their policies. If McDonald's was tracking and aggregating individual complaints of racism across all franchises, the pattern would have been evident, and executives could have taken steps to address it as a point of company policy.

Key Takeaways

- Clearly outline which policies and procedures are changing – and how – so that every level of the organization is aware of the standards and how they benefit all parties.
- Ensure that all members of your organization are invested in, involved with and supportive of broad culture change at every level. Culture defines a company's identity and this is the only way to develop a sense of organization-wide trust and implement the necessary changes effectively.
- Be flexible. Culture change is a continuous process, so commit to making constant improvements and working toward a better culture every day.

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2021 Outlook: Where We Go from Here

We are living in a very different world today, one where employees are being empowered by movements such as Me Too and Black Lives Matter to stand up and address inequalities head on. There are no signs of employees undoing that progress, either. If anything, Covid-19 has made employees more willing to speak up about what they feel are safe versus unsafe working conditions.

Looking to the not-too-distant future, companies will no longer be able to merely apologize for discrimination, harassment, misconduct, lack of diversity or other oversights, and promise to do better next time. Leaders will be held accountable, and lest they want to risk losing their job, they will have to take a proactive approach and put procedures and systems in place to catch and course correct issues early.

In the event someone is fired and replaced, new leadership will still have to embrace a different orientation. They can't fall for any halo effect, thinking that because the organization has survived previous scandals, it won't be the end of the world to keep pushing issues under the rug, condoning bad behavior through inaction, and claiming plausible deniability. Employees know that a new face isn't necessarily a solution and will be looking for evidence to build up trust.

Indeed, no cultural change can happen overnight. Truly protecting an organization from future crises is an ongoing process that requires buy-in, patience and determination on all sides. Real, impactful change only comes when everyone feels heard, supported and involved, and when there are protections in place to ensure it is upheld.

To be clear, we will never be able to completely rid the workforce of its problems. Bad actors and poor policies won't disappear.

There are, however, technological solutions leaders can today use to digitize culture, get real-time insights into their organization, nip issues in the bud before they explode onto the public scene, and most importantly, help build a better system that is more equitable for all.

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Resources

Checklist for Leaders to Prevent Workplace Scandals in 2021

- Proactively and systematically seek input on the policies you've implemented and the impact they've had. Don't just sit back and wait for people to come to you, or, even worse, hope that they don't.
- Initiate the shift – it's not enough to talk the talk, you need to walk the walk.
- Show your employees that leadership is acting in the best interest of everyone, from entry-level employees all the way up the corporate ladder. You lead by example, so make your actions count.
- Clearly outline which policies and procedures are changing – and how – so that every level of the organization is aware of the standards and how they benefit all parties.
- Ensure that all members of your organization are invested in, involved with and supportive of broad culture change at every level. Culture defines a company's identity, and this is the only way to develop a sense of organization-wide trust and implement the necessary changes effectively.
- Be flexible. Culture change is a continuous process, so commit to making constant improvements and working toward a better culture every day.

Questions Leaders Should Ask Themselves

- Am I a leader that accepts behavior that has a disparate impact, or do I hold everyone to the same standard and guarantee that no one is above the law?
- Am I a leader that hopes bad things don't happen – or that they are brought to my attention when they do – instead of actively seeking out and stopping misconduct in its tracks?
- Am I a leader that empowers others through a culture that will not tolerate toxic, inappropriate or criminal behavior?
- Am I a leader that dedicates resources to implement and maintain proactive, tech-enabled procedures and systems that can preemptively root out misconduct?

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Conclusion

This past year has increased the public expectation that organizations be held accountable for the safety and well-being of their employees. By making technology-enabled cultural change a priority, companies can root out racism, discrimination and bias at every level, sending their employees a clear message that these behaviors will not be tolerated. Leaders who invest in these changes now will be grateful they did this time next year.

Established in 2015, ClearForce, Inc. is a risk management technology company headquartered in Vienna, Virginia. We deliver innovation to the global risk management market. Our mission is to eliminate risk by informing organizations of the early signs of individual stress, misconduct and criminal activity and enable proactive and policy complaint action to mitigate risk.

For more information on how to prevent crises and ensure a safer workplace for everyone, visit clearforce.com.

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