Fraud Leadership: The Role of Ethics, Compliance, and Culture

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Fraud Leadership:  
Ethics, Compliance & Culture

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Learning Objectives

- Overview of ethics, compliance & culture
- How are things at your shop
  - Tone, mood, buzz
  - Fraud leadership
- Let’s talk ethics
  - Ethical standards
- Laws, regulations, rules ~ a world of compliance
  - The Code
  - Compliance best practices
- Culture ~ embrace it or change it
  - Embrace the culture
  - The culture can change
Fraud Leadership: Ethics, Compliance & Culture

Overview

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Overview …

- The role of ethics ~ guiding principles
- The role of compliance ~ meeting legal obligations
- The rule of culture ~ how it works
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How are things at your shop?

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Tone, mood & buzz …

- Tone at the top
- Mood in the middle
- Buzz at the bottom
Fraud leadership …

- Highly educated with advanced degrees
- Well trained in positions beyond fraud
- Broad organizational and industry experience
- Subject matter expertise:
  - Publish
  - Speak
  - Mentor
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Let’s talk ethics

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Trustworthiness is the key...

- To be trusted
- Boy Scout
- Promises made and commitments made
Honesty to a fault ...

- Words
- Actions
- Deeds
- No deception
  - Misrepresent:
    - Facts
    - Overstating
    - Exaggerating
    - Partial truths
Integrity shows great character …

- Personal integrity
  - Customers
  - Colleagues
  - Supervisors
- Moral courage to do the right thing
- Moral code
Be loyal to self and others ...

- Loyalty
  - Company
  - Team
  - Self

- Loyalty vs. independent judgment
Leadership is essential …

- Active & positive leadership role
  - Positive role model
- Create the environment
- Ethical mentality
  - Lead by:
    - Example (thought, word and deed)
Deliver excellence …

- Personal
- Business
- Always pursuing excellence
Respect others …

- Treat everyone like you care and with respect
  - Courteous
  - Equal treatment
- Fairness, tolerance and diversity
- Golden Rule
- Enhance morale
You ...

- Be accountable to one’s self
  - Acknowledge and accept personal responsibility
- Obey the law
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Laws, regulations, rules: a world of compliance

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Code of Conduct …

- Cornerstone of a robust compliance program
  - Standards
  - Attitudes

- Applies to:
  - Board
  - Management
  - Colleagues
  - Vendors
  - Contractors
Sedgwick’s Core Values …

- To deliver excellence
- To operate openly and with integrity
- To embrace change
- To grow as individuals
- To operate as one company, one team
Others …

- 1
- 2
- 3
- 4
- 5
- 6
Communicate with the “chiefs” …

- Leadership understanding
- Provides support
- Allows for organizational change
Work is never done …

- Work in progress
- Always lean forward
Communication is essential …

- Work in progress
- Always lean forward
Leverage the support of others …

- Buy-in from others
- Doing the right thing is the right thing to do
- Lead or support
  - Be a leader
  - Let others be a leader and show support
Foster a culture of compliance …

- Important
- Takes:
  - Time
  - Organizational acceptance
Culture: embrace it or change it

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Embrace the culture …

- Buy-in from others
- Doing the right thing is the right thing to do
- Lead or support
  - Be a leader
  - Let others be a leader and show support
Change the culture …

- First day CEO/COO
- Culture is complex
  - Do not be detoured
  - Use culture as a lever
    - Machine vs. cogs
- Dimensions:
  - Symbolic reminders
  - Keystone behaviors
  - Mind-sets
Work within the culture …

- Deeply embedded cultures:
  - Upgrades
  - Overhauls
- Can’t get a new one (i.e., swap a CPU)
- Culture is what it is
- Work within the culture:
  - Components
    - Good
    - Bad
  - Understand it/recognize it
    - What is preeminent and consistent
    - Which helps and what hinders
Common belief:
- Change behavior ~ heart and minds follow
- Overhauls

Culture is more about doing than saying
- Glossy brochures don’t work

People:
- Do - act their way into believing
- Don’t - thinking their way into acting

A good place to start:
- Tangible
- Actionable
- Repeatable
- Observable
- Measurable

Key behaviors
Focus on the “critical few” ...

- Conventional wisdom advocates:
  - Change everything that is not perfect
  - Perfect to who?
- Be rigorously selective on picking behaviors to focus
- Consider behaviors with the greatest impact
- Look to successful implementations of other programs:
  - Seek guidance from those stakeholders
  - Emulate if possible
- Translate the critical behaviors into simple, practical steps people can take everyday
Deploy authentic informal leaders
- We know that leadership is a natural attribute
- Informal leaders:
  - In all organizations
  - Usually not recognized as leaders
  - Underused when driving culture
    - Show the culture by doing it!

Don’t let formal leaders off the hook
- Don’t let colleague resources be the champion of culture
- Leaders across the organizational own it:
  - Safeguarding and championing desired behaviors
  - Energizing personal feelings
  - Reinforcing cultural alignment
- This sends the signal and sets the tone
Demonstrate impact quickly …

- Notoriety - happens in quick cycles
- When people hear but don’t see:
  - It is bad news when hear of new and wonderful initiatives
  - But do not see any activity related to it
    - Causes people to be cynical
- Use cross-organizational methods
  - Portal
  - Blogs, posts and tweets
  - Facebook
    By informal leaders
- Manage the culture over time:
  - Changes over time
Living in the culture …

- Culture is powerful:
  - Challenging
  - Multi-dimensional
  - Difficult to deal with
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Questions & Answers

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