

Family Feud – Considerations for Ethical Business Relationships

Presented by:
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GYF Annual CPE Day – November 9, 2023



RAYMOND T. BETLER

Ray Betler was elected as Chairman of the L.B. Foster Board of Directors on June 2, 2022, after joining the Board in August 2020. Until his retirement in June 2019, Ray served for five years as President and Chief Executive Officer of Westinghouse Air Brake Technologies d/b/a Wabtec Corporation, a global provider of technology-based products for the rail and industrial markets, with operations in 50 countries around the world. He also served on the Wabtec Board of Directors until his retirement in 2019.

Ray has also been a Director of Dollar Bank since 2006, serving on the Executive, Audit, Compensation, Nominating and Governance committees. He chaired the Executive Committee for five years.

With primary focus now on his extended family, Ray continues to serve a variety of cultural, educational, business, and faith-based organizations.

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Ethical Business Relationships

Introduction

- **Review of professional standards**
 - *PICPA Code of Professional Conduct*
- **Understanding vs. practice**
- **Problems develop in the gray areas, when people start to:**
 - *Compromise*
 - *Rationalize*
 - *Emotionalize*

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Ethical Business Relationships

Bad Behavior

- **Rationalized actions**
- **Indication of undisciplined culture**
- **Creates an environment than can lead to big problems**
- **Examples – egos kill**
 - *Corporate*
 - *Personal*
 - *Unethical leadership*

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Ethical Business Relationships

Ethics = “Do What Is Right”

- **Always act with:**
 - *Integrity*
 - *Objectivity*
 - *Professional competence*
 - *Due care*
 - *Confidentiality*
 - *Professional behavior*

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Good Behavior

- **Plenty of good, ethical organizations do exist**
- **Common characteristics:**
 - *Led by a professional with a high degree of humility*
 - *Unique value system that sets tone for organizational culture*

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Ethical Business Relationships

Example: WATCO Companies, LLC

- **Founded in 1983 by Dick Webb in Pittsburg, Kansas**
- **Rick Webb (son of founder), joined company in 1984 and served as CEO from 1998-2018; still functions as Executive Chairman**
 - Grew company to one of the largest and most successful in the transportation industry with 5,000 employees and over \$1.6 BUSD in annual revenue!
 - Rick is genuinely respectful and appreciative of his Team; he constantly pushes for opportunities to improve and relies on Team for ideas, input and feedback
 - Everyone is encouraged to talk, argue, participate, contribute and expect to be rewarded for their efforts and contributions

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Ethical Business Relationships

- **WATCO Mission Statement**
 - **Delivering a Better Tomorrow.** Sustainability is part of who we are and what we do every day. WATCO seeks to shape a better future and is committed to being a well-governed, socially responsible, and environmentally conscious company.
- **WATCO Core Values**
 - Our culture reflects the importance we place on customers, team members, and safety. It's our belief that taking care of these three areas is the right way to take care of business.
- **Impact**
 - WATCO was named in *Newsweek's* Top 100 [Most Loved Work Places in America](#) in 2022 & 2023, and [Most Loved Global Work Places](#) in 2023 ([see article](#))

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M&A Considerations

- **Sound strategic purpose required for successful integration**
- **Don't make assumptions about business being acquired – advance due diligence can uncover potential ethical issues**
- **Don't compromise process due to a rushed timeline for the completion of the transaction**
- **Recognize that merging different corporate cultures requires empathy; leaders should be honest and direct, treating new colleagues with dignity and respect to build trust**

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Ethical Business Relationships

Running a Business/Organization Like a Family

- **Establish core values exemplifying ethical principles**
- **When violated, enforce consequences, take corrective action and utilize the opportunity for organizational learning**
- **Humility – focus should be on serving others**
 - *Understand and address the needs of the organization and your colleagues*
 - *It should always be a fair, transparent, open and honest two-way street*
 - *You should feel that you did your job well and fulfilled the expectations set for you AND that you were fairly compensated for those contributions*

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Ethical Business Relationships

Your Role and Responsibility

- In addition to compliance with professional and regulatory requirements, each individual should have a strong personal moral code and be willing to embrace organizational values
- Key concepts:
 - *Teamwork/cooperation*
 - *Transparency/communication*
 - *Integrity and respect*
- **DO WHAT IS RIGHT!**

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Thank You for Your Attention!

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