

Strategic Executive Advisory

Leadership Ethics

Advising and Coaching Business Leaders on
Business Performance and Strategy

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John Minnich, MAcct, CPA, CGMA

- Founder, John Minnich, LLC dba **Strategic Executive Advisory**
 - Business performance and strategy
- MBA Faculty, **Purdue University Fort Wayne** | Financial Management and Strategy
- Immediate Past President, **Financial Executives International-Fort Wayne**
- Experienced CFO with business operations
- 10 years public accounting | A&A
- 6 years systems consulting | CPA firm tech division
- Nonprofit boards including executive committees/board chair



Agenda



WELCOME



LEADERSHIP VS
MANAGEMENT



LEADERSHIP
ETHICS



RESOURCES



EXAMPLES +
RECOMMENDATIONS



HOLISTIC
APPROACH



OPPORTUNITIES

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Leadership Ethics

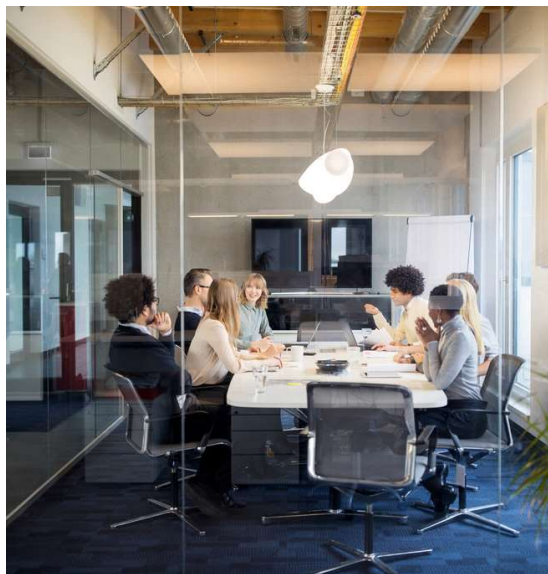
Integrity and trust are core to the accounting profession. As business continues to evolve and is increasingly more complex, so too are ethical situations. To maintain and broaden public confidence, members should perform all professional responsibilities with the highest sense of integrity. Join us to develop leadership skills while understanding and upholding ethics and professional conduct.

Highlights

Leadership vs management
Leadership ethics
Business leadership and strategy
Resources

This session will

Cover ethical business leadership and investing in leadership development



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Business/Industry



Public



"Leadership is lifting a person's vision to high sights, the raising of a person's performance to a higher standard, the building of a personality beyond its normal limitations."

- Peter F. Drucker

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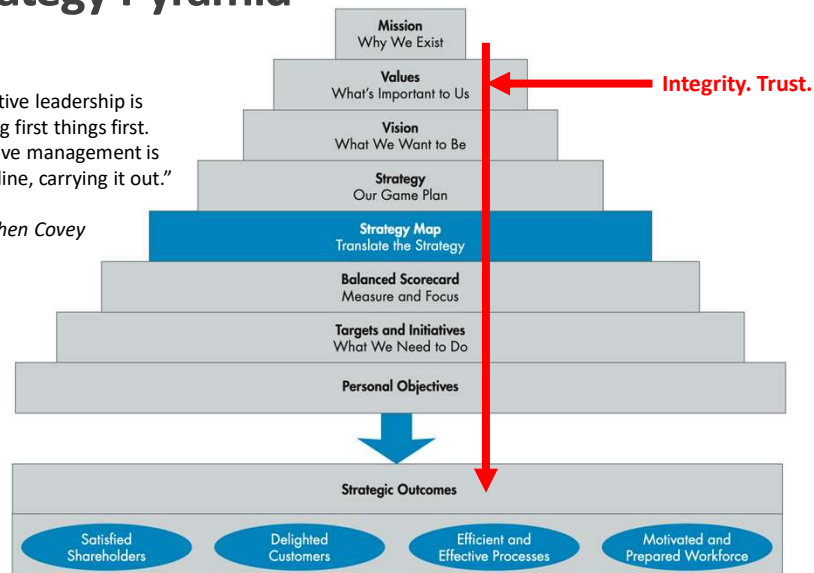
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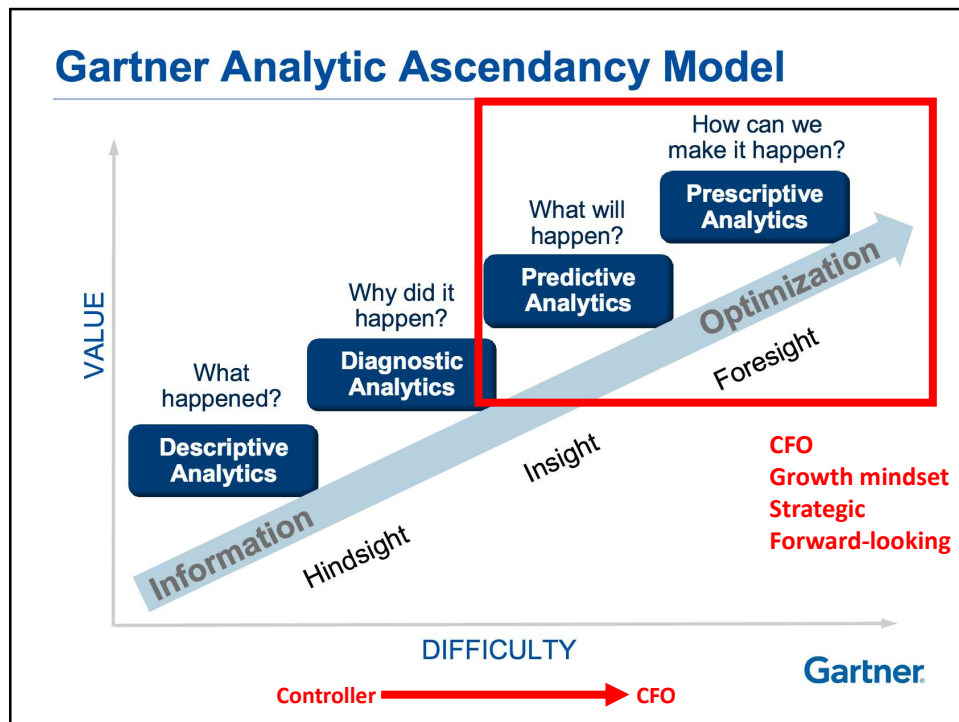
Strategy Pyramid

Tone at the Top

"Effective leadership is putting first things first. Effective management is discipline, carrying it out."

- Stephen Covey





Leadership vs Management

"Management is doing things right; leadership is doing the right thing." - Peter F. Drucker

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Business Leadership + Strategy

Leadership

- Motivating
- Inspiring
- Persuading
- Coaching
- Mentoring
- Visioning
- Anticipating

Management

- Planning
- Budgeting
- Directing
- Staffing
- Organizing
- Controlling
- Coordinating
- Decision-making
- Problem-solving

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Why

"People don't buy what you do; they buy why you do it. And what you do simply proves what you believe."
- Simon Sinek

The Golden Circle

WHAT

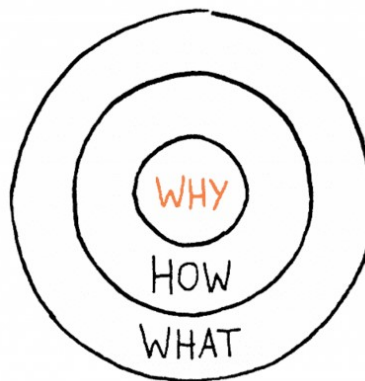
Every organization on the planet knows WHAT they do. These are products they sell or the services


HOW

Some organizations know HOW they do it. These are the things that make them special or set them apart from their competition.

WHY

Very few organizations know WHY they do what they do. WHY is not about making money. That's a result. WHY is a purpose, cause or belief. It's the very reason your organization exists.





Leadership Concepts

- Credibility and Trust via Action
- Integrity and Ethics
- Positional Authority | Leadership
- Qualities
- Styles
- Lead
- Follow

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Leadership Styles

"Leadership is the art of giving people a platform for spreading ideas that work." - *Seth Godin*

- Democratic
- Autocratic
- Laissez-faire
- Strategic
- Transformational
- Transactional
- Coach-Style
- Bureaucratic

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Leadership Ethics

"It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently."

- Warren Buffett

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AICPA Code of Conduct

AICPA members are bound by the AICPA Code of Professional Conduct. Rule 201 requires that members provide professional services with competency. In the delivery of personal financial planning services, a member shall adhere to the following Principles of Professional Conduct.

- **ET Section 52 – Article I – Responsibilities**

In carrying out their responsibilities as professionals, members should exercise sensitive professional and moral judgments in all their activities.

- **Section ET 53 – Article II – The Public Interest**

Members should accept the obligation to act in a way that will serve the public interest, honor the public trust and demonstrate commitment to professionalism.

- **Section ET 54 – Article III - Integrity**

To maintain and broaden public confidence, members should perform all professional responsibilities with the highest sense of integrity.

- **Section ET 55 – Article IV – Objectivity and Independence**

A member should maintain objectivity and be free of conflicts of interest in discharging professional responsibilities. A member in public practice should be independent in fact and appearance when providing auditing and other attestation services.

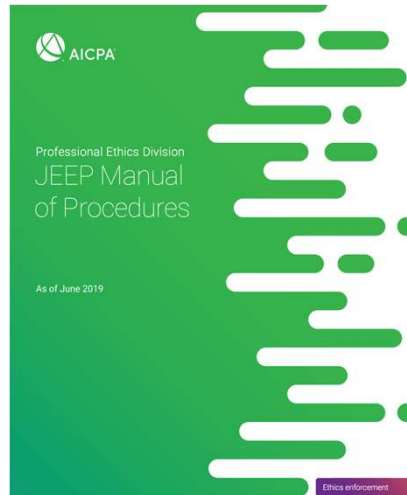
- **Section ET 56 – Article V – Due Care**

A member should observe the profession's technical and ethical standards, strive continually to improve competence and the quality of services, and discharge professional responsibility to the best of the member's ability.


Source: [AICPA Code of Conduct](#)

Joint Ethics Enforcement Program

Source: [AICPA](#)



- The AICPA and each of the state societies have respective codes of professional conduct that their members are obligated to observe as a condition of their membership.
- The provisions of the codes of many state societies are identical with, or similar to, the provisions of the AICPA Code of Professional Conduct.
- Because of this identity and similarity, and because it is not uncommon for a CPA to be a member of both the AICPA and one or more state societies, the AICPA and virtually all of the state societies have joined together to create the **Joint Ethics Enforcement Program (JEEP)**.



Wisconsin Institute of
Certified Public Accountants

SIGN IN JOIN CART SEARCH

Home > News & Resources > Ethics FAQs

ETHICS FAQs

WHAT ARE THE RULES OF CONDUCT?
See [Chapter Accy 1](#) for a detailed explanation of the Rules of Conduct.

HOW CAN I FIND OUT IF A PERSON HAS CREDENTIALS IN WISCONSIN?
Please visit the [Wisconsin Credential/License Search](#), provided by the Wisconsin Department of Safety and Professional Services.

HOW CAN I FILE A COMPLAINT?
To file a complaint directly with the Wisconsin Department of Safety and Professional Services, please use one of the methods provided on their [File a Complaint](#) page. If a complaint is submitted to the WICPA against a WICPA member, it will be forwarded to the Chair of our Professional Conduct Committee for review. Note that the only penalty the WICPA can impose is termination of membership. To have a CPA's license suspended or revoked, a person must contact the Department of Safety and Professional Services and follow their complaint filing process.

HOW CAN I FIND OUT IF THERE IS DISCIPLINE OR OTHER ORDERS AFFECTING A CREDENTIAL HOLDER?
Searches can be performed using the Wisconsin Department of Safety and Professional Services [Orders and Disciplinary Actions](#) page.

WHERE CAN I FIND DETAILS ABOUT THE AICPA CODE OF PROFESSIONAL CONDUCT?
For information about the AICPA Code of Professional Conduct, visit the [Code of Professional Conduct](#) page on their website.

DOES THE WICPA AND ITS MEMBERS ADHERE TO THE AICPA CODE OF PROFESSIONAL CONDUCT?
Yes.

Source: [Ethics FAQs | Wisconsin Institute of CPAs \(wicpa.org\)](#)

Chapter Accy 1

RULES OF CONDUCT

Subchapter I — Applicability and Definitions

Accy 1.001 Applicability of rules of conduct to certified public accountants.
 Accy 1.002 Applicability of rules of conduct to certified public accountants who have a significant influence over a CPA-related business or who advertise as a CPA.

Accy 1.003 Definitions.

Subchapter II — Professional Conduct, Integrity, and Objectivity

Accy 1.101 Professional conduct.
 Accy 1.102 Integrity and objectivity.

Subchapter III — Competence and Technical Standards

Accy 1.201 General standards.
 Accy 1.202 Auditing standards.
 Accy 1.203 Accounting principles.

Accy 1.204 Other technical standards.

Accy 1.205 Standards for auditing, accounting and review services, and attestation engagements.

Subchapter IV — Responsibilities to Clients

Accy 1.301 Confidential client information.
 Accy 1.302 Contingent fees, commissions and referral fees.

Subchapter V — Other Responsibilities and Practices

Accy 1.401 Acts discreditable.
 Accy 1.402 Advertising or other forms of solicitation.
 Accy 1.404 Incompatible occupations.
 Accy 1.405 Firm Names.
 Accy 1.406 Practice while suspended.
 Accy 1.407 Communications.
 Accy 1.408 Ownership requirements.

Note: Chapter Accy 1 as it existed on June 30, 1974 was repealed and a new Chapter Accy 1 was created, Register, June, 1974, No. 222, effective July 1, 1974.

Subchapter I — Applicability and Definitions

Accy 1.001 Applicability of rules of conduct to certified public accountants. (1) Chapters Accy 1 to 6 apply to a person who practices as a certified public accountant in this state.

(2) A certified public accountant may be held responsible for compliance with the rules of the board by any person associated

in the opinion of the certified public accountant, the statements conform with generally accepted accounting principles or, if applicable, with another comprehensive basis of accounting.

(2m) "Board" means the accounting examining board.

(2r) "Certified public accountant" or "CPA" means a person considered to be in practice as a certified public accountant under s. 442.02, Stats.

(3) "Commission" means compensation, except a referral fee, for recommending or referring any product or service to be supplied by another person.

Source: https://docs.legis.wisconsin.gov/code/admin_code/accy/1.pdf

Fraud Triangle



Source: [Association of Certified Fraud Examiners](https://www.acfe.com/)

Business Leadership

- **Personal Leadership**

- Core values
- Character
- How we “show up”



- **Business Leadership**

- Extension of our personal leadership style
- Our personal leadership style impacts how we lead
- How we fulfill role(s)

Leadership Ethics

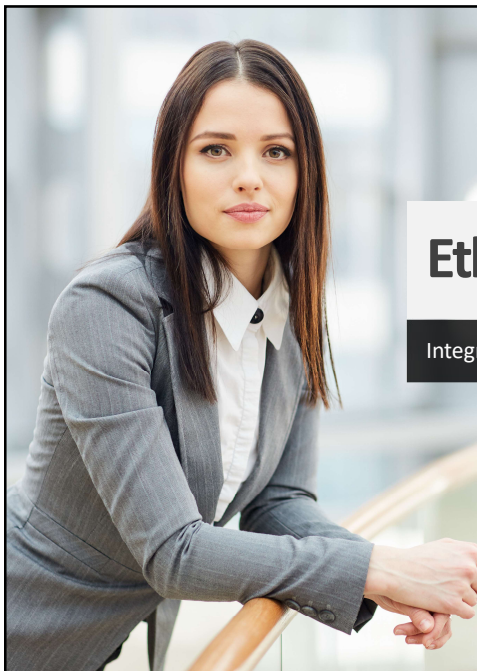
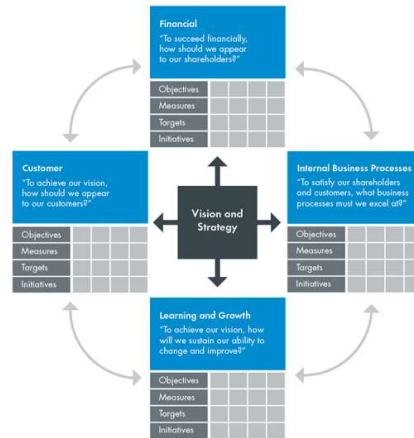
Integrity | Core Values

Business Leadership

Create an Ethical Organizational Culture

- Tone at top
- Opportunity when launching business
 - Early days, establish ethical practices as a way of doing business
- Include mission statement, vision, core values on meeting agendas and minutes
- Broader view of stakeholder interests
 - Employees, customers, communities, and the relationships you have
 - Example: Harvard Business Review ESG Rankings (i.e., Top 100)

*Adapted from Robert S Kaplan and David P Norton, Using the Balanced Scorecard as a strategic management system, Harvard Business Review, January-February 1996



Ethical Leadership

Integrity

- Ethical leaders inspire good values through their actions and words
- Ethical leaders do not overlook wrongdoing, even if doing so may benefit their business
- Displaying integrity and doing what is right, core of being an ethical leader
- Tone at the top: Ethical leaders set an example for company teams

Ethical Leadership



- Leadership involves inspiring and motivating others
- Setting the tone and standard for others
- Leadership is formal, positional and informal, non-positional

Ethical leadership qualities

- Honesty
- Respect
- Integrity
- Authentic
- Open culture of trust and communication
- Responsible, owning actions

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Ethical Leadership Recommendations

- Deal with ethical dilemmas as they arise
- As ethical leaders, model and communicate ethical behavior
 - Strong team relations are built on integrity and trust
- Know your organization's core values
 - Include mission statement or core values on meeting agendas and/or minutes
- Lead by example
- Take ownership of your actions



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- How do you define ethical leadership?
- What makes a leader or manager effective?
- What traits/qualities do you look for in a great leader?
- Share an example of leadership whether business or personal.
- What are some of the leadership challenges that you have experienced within an organization?
- How do you continue to improve your leadership?



Discussion

Resources



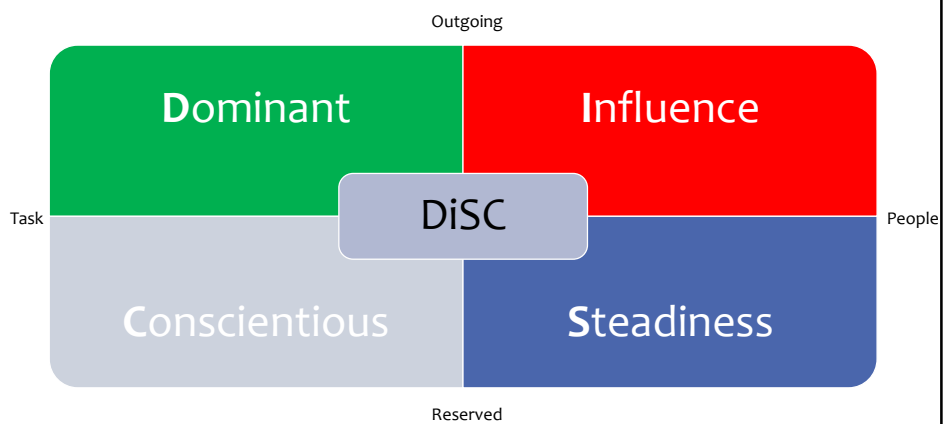
Resources

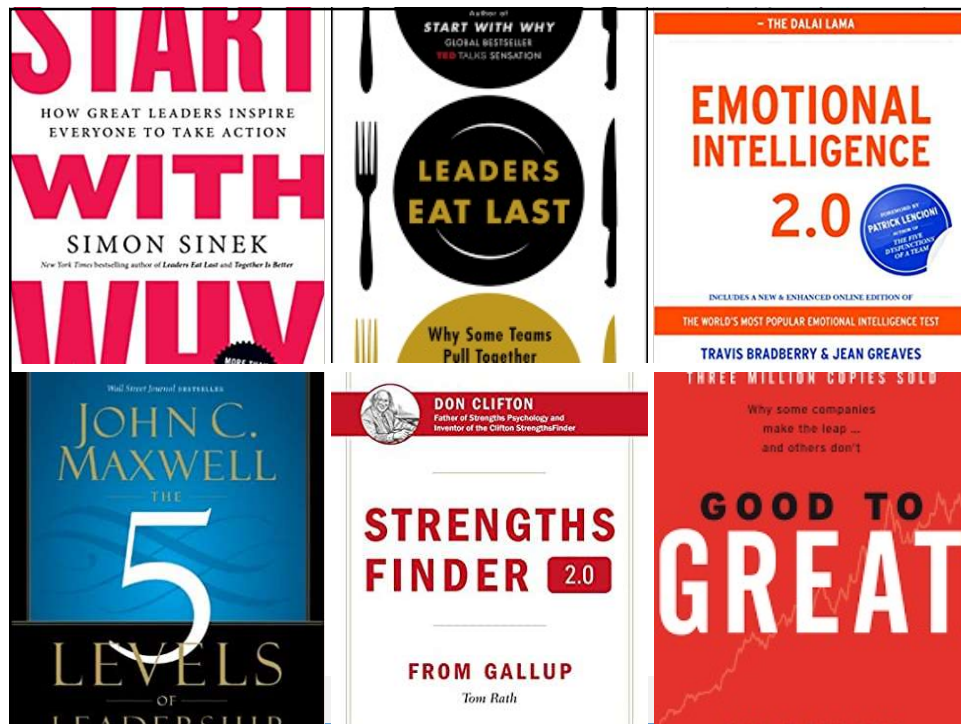


- AICPA Professional Code of Conduct
- Joint Ethics Enforcement Program
- WICPA Ethics FAQs
- Emotional Intelligence
- DiSC
- Myers-Briggs
- StrengthsFinder
- Kolbe



DiSC







PEER NOVATION

What Peer Advisory Groups
Can Teach Us about Building
High-Performing Teams

Circle of Trust

“Remember teamwork begins by building trust.” - *Patrick Lencioni*



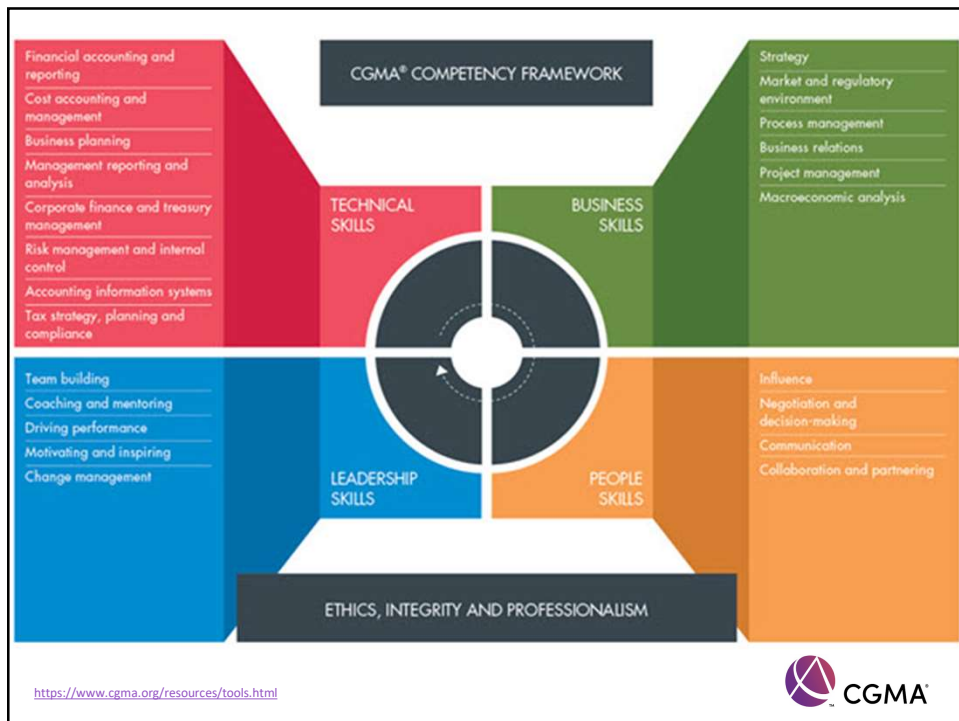
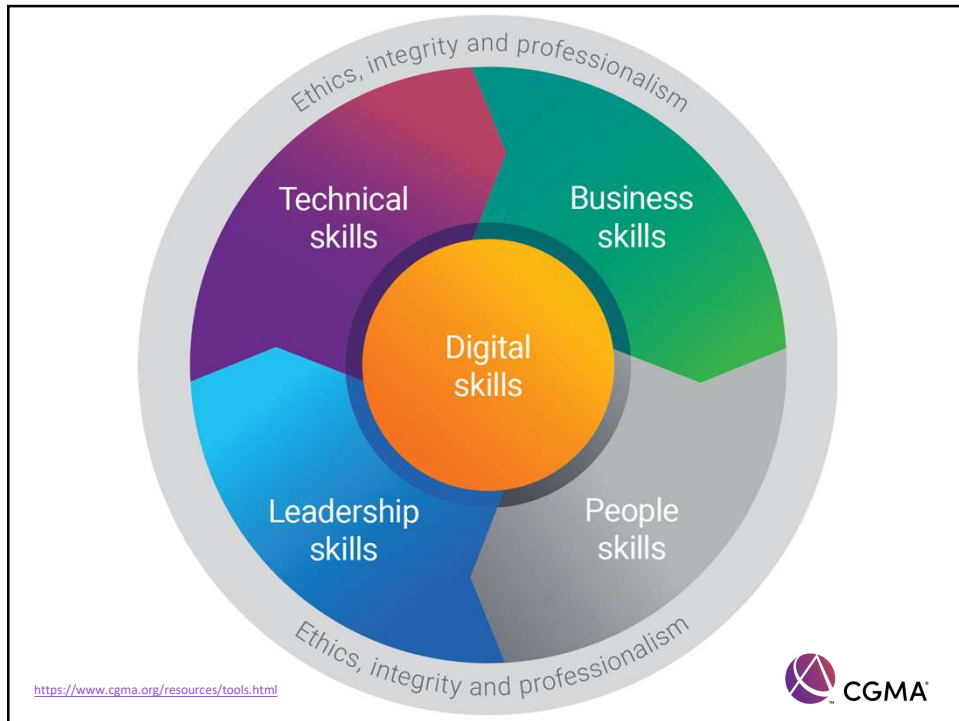
- Surround yourself with diversity of perspective and experiences
- Build a circle of trust with proven business leaders with high business acumen
- Someone or a group that will challenge you and your team to be the best

Peer Advisory Board

- 12-15 Business Leaders
- High business acumen
- Confidential



- Top Executives | Owner, President, CEO
 - Key Executives | C-Suite Succession Line
 - High Potential | High Performers
-
- **Educational Component** – Continuous learning through thought leaders and leading practitioners
 - **Round Table** – Space for reflection and planning based on focused leadership and self-development
 - **Case** – Members present their most critical challenges in a rigorous and structured manner



Strategic Finance Magazine

CGMA Essential Tools for Management Accountants

ESSENTIAL TOOLS FOR MANAGEMENT ACCOUNTANTS
The tools and techniques to support sustainable business success

CFOS PREPARE FOR 2023
The CFOs of eBay, Synchro, and Wells Fargo share advice for finance leaders to navigate anticipated challenges this year.

EMERGENCE-FOCUSED ANALYTICS

JEFF THOMSON: VALUES AND CULTURE MATTER MOST

JOB ROTATION MAY PREVENT ACCOUNTING MISCONDUCT
After an accounting scandal, Toshiba's Independent Investigation Committee suggested a range of necessary countermeasures.

INNOVATION-DRIVEN CULTURE
Management accountants who cultivate a culture of innovation contribute to strategic planning and create sustainable value.

LEADERSHIP & CAREER
LEADERSHIP IN THE AGE OF BIG DATA
Global finance leaders recognize the

Get ready to pass the CMA EXAM in under 90 hours!

CGMA *where Global Management Accountants*

Powered by **AICPA** **CIMA**

Examples + Recommendations

Look for Growth Opportunities

"Find the smartest people you can and surround yourself with them." - Marissa Meyer



- Board opportunities
- Leadership development opportunities through professional associations or peer advisory boards/groups
- Cross-functional team development opportunities
- Mentor program
- Coach
- Engagement
- Grow and cultivate your business network

Leadership Development

Investing in Leadership

- Leading Self
- Leading in the Community
- Leading Organization

Holistic Approach

- Business Growth
- Professional Growth
- Personal Growth

Self-awareness and reflection are key



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Leadership Development

Investing in Leadership

- Build trust
- Business culture
- Embrace diversity of thought
- Own decisions and actions
- Continuous review and improvement
- Communicate ethical core values
- Be consistent and follow through
- Transparency with teams
- Continuous improvement

Core Values

Authentic

Balanced

Committed

Connected

Growth-Minded

Innovative

Integrity

Open-Minded

Progressive

Visionary

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T-Shaped Skills

- Valuable employee
- Breadth and depth skill sets

Cross-Discipline Expertise



Deep-Discipline Expertise

Ever-Changing Role

Why Ethical Leadership is
Important

Business/Industry



Public



"Leadership is lifting a person's vision to high sights, the raising of a person's performance to a higher standard, the building of a personality beyond its normal limitations."

- Peter F. Drucker

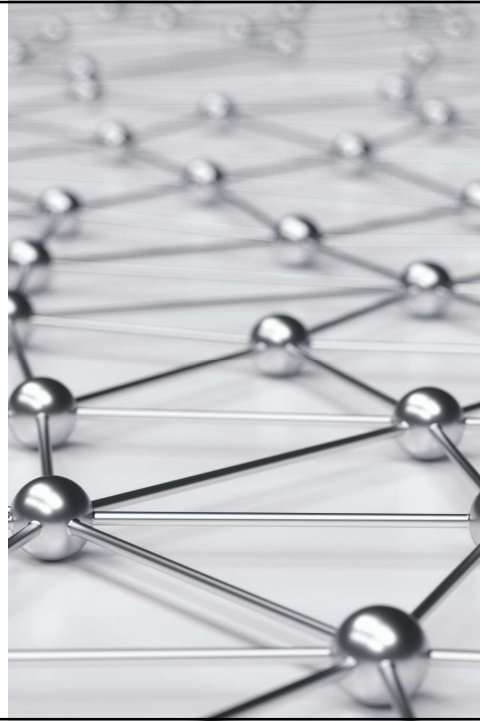
Ever-Changing Role | Business Partner

Strategic Planning
Business Analytics
HR and IT Oversight



Aligning Strategy

- CPAs and CFOs are strategic business partners
 - Strategy, board, revenue opportunities, and cost management
 - Human resources, legal, technology, and/or operations

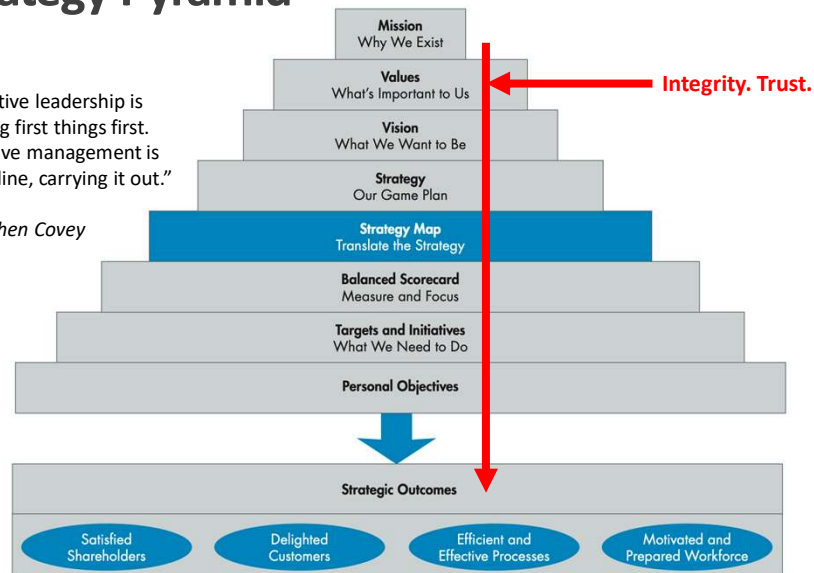


Strategy Pyramid

Tone at the Top

"Effective leadership is putting first things first. Effective management is discipline, carrying it out."

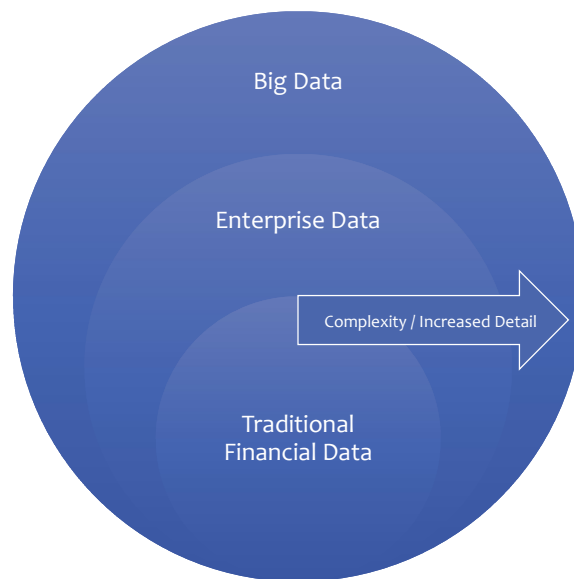
- Stephen Covey

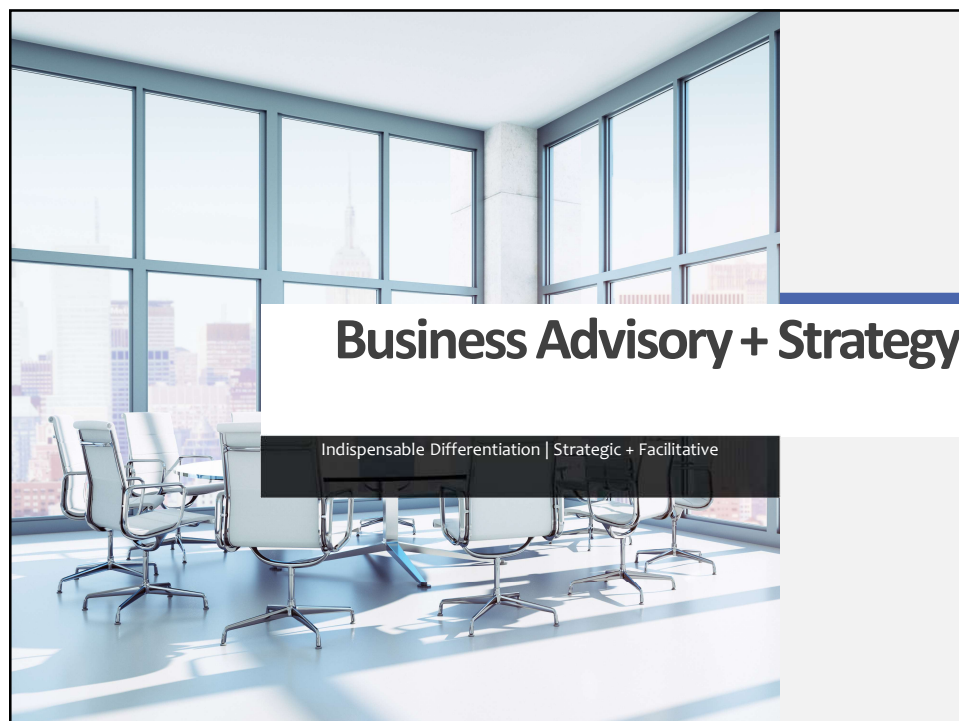
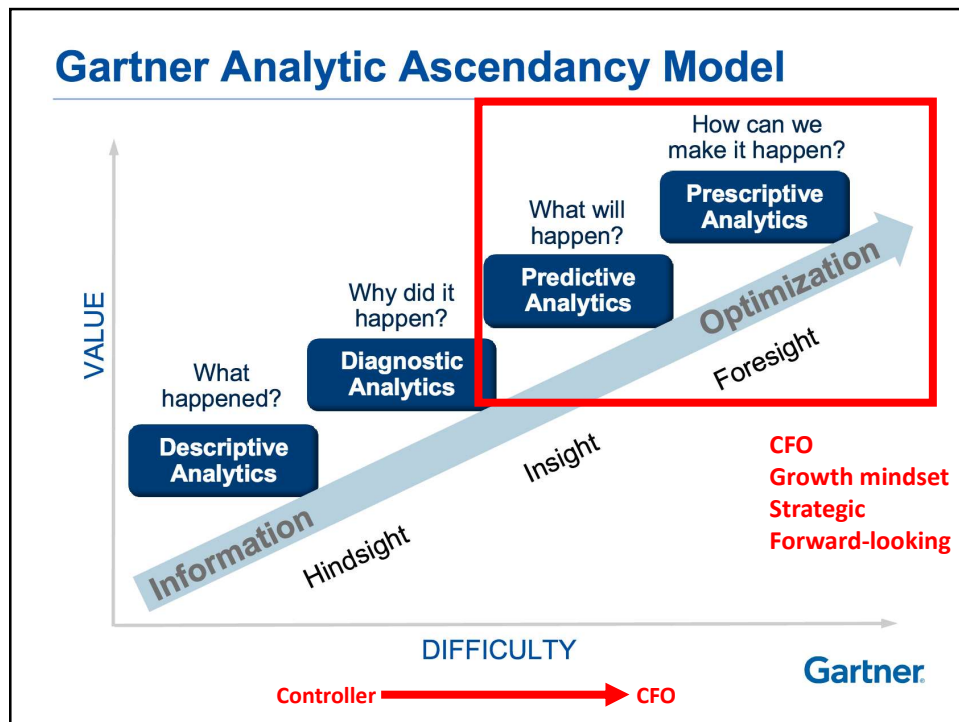


Digital Revolution

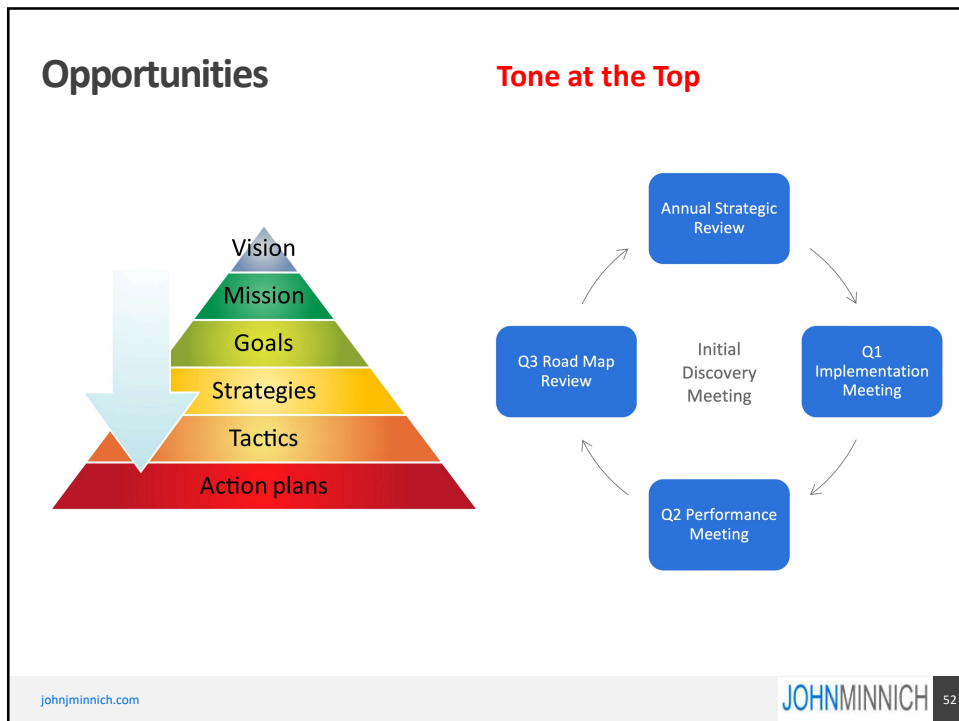
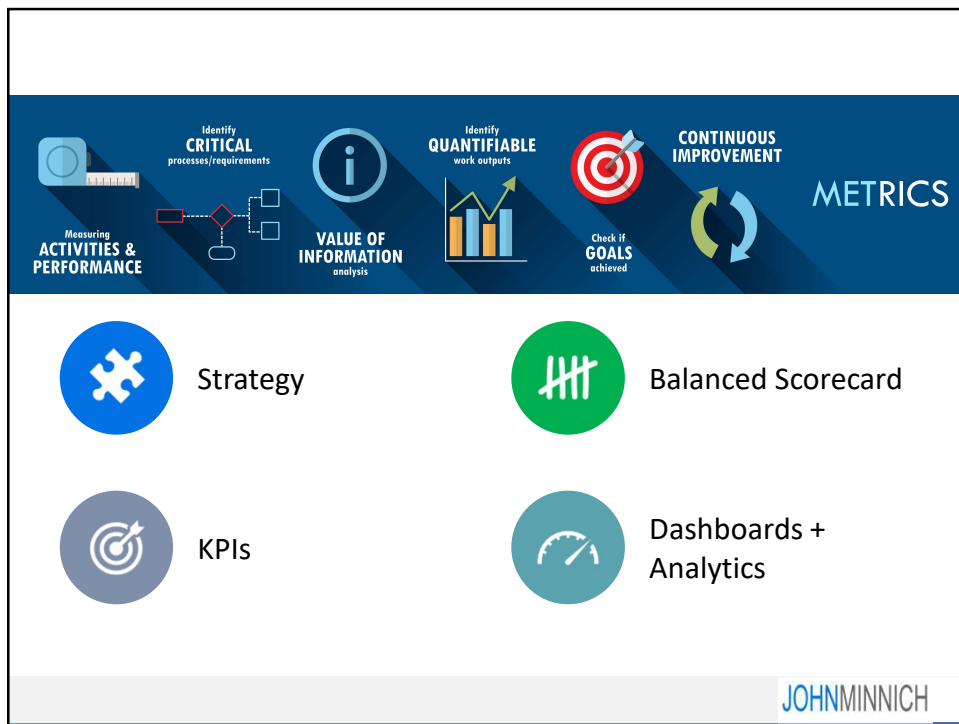
"From the dawn of civilization until 2003, humankind generated five exabytes of data. Now we produce five exabytes every two days...and the pace is accelerating."

Eric Schmidt,
Executive Chair, Google









Opportunities

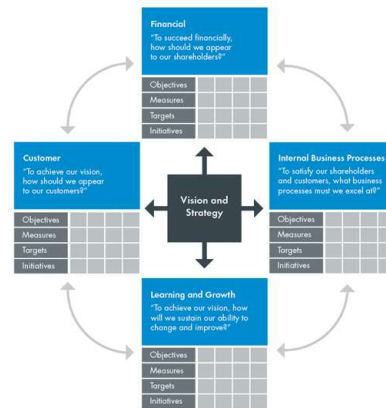
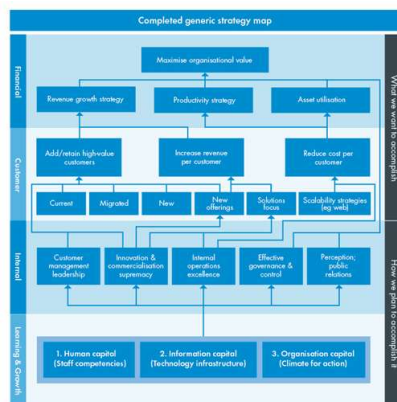


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Opportunities



Source: CGMA Essential Tools for Management Accountants¹

¹Adapted from Robert S Kaplan and David P Norton, Using the Balanced Scorecard as a strategic management system, Harvard Business Review, January-February 1996

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Integrated Report

- Concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, create value over the short-, medium-, and long-term.
- Provides more information about an organization.
- Not just the past, looking to the future.
- Addresses an organization's governance, strategy, business model, risks and opportunities, and future outlook.
- Exploring what's possible related to improved performance and profitability.
- [integrated-report.pdf \(incpas.org\)](https://incpas.org/integrated-report.pdf)

Governance

The Board of Directors is responsible for:

- Identifying and prioritizing issues.
- Setting strategy.
- Approving budgets.
- Acting as ambassadors for the Society.

Under the direction of the CEO, the staff is responsible for:

- Identifying issues and trends.
- Implementing strategy.
- Determining financial resources needed to implement strategy and preparing budgets.
- Communicating with the members and other stakeholders.
- Acting as ambassadors for the Society.

INCPAS GOVERNANCE SYSTEM

Revolves around the Board of Directors, who lead the value creation process by developing a strategic plan that fulfills the Society's mission for our members. The Board offers the various councils and committees to gain insight and feedback.

10 | Indiana CPA Society 2022 INTEGRATED REPORT

Introduction

ABOUT THIS REPORT

What is Integrated Reporting? The International Integrated Reporting Council (IIRC) defines Integrated Reporting (IR) as the language for sustainable business. It is the means by which companies communicate how value is created and will be preserved over the short-, medium and long-term. This information is used principally by investor/stakeholders to support their capital allocation decisions. It includes a set of processes and activities, the result of which is a periodic, "integrated report" communication about the way in which an organization's strategy, governance, performance and prospects lead to the creation and preservation of value.

IR represents an evolution in corporate reporting, building on recent developments in financial and non-financial reporting. It is not designed to replace existing disclosures which provide useful detail to report users by helping to shine light on the link and behavior within organizations. Organizations will be able to provide additional disclosures, and we anticipate that technological advances will assist both report preparers and users, supporting investor/stakeholder decision making by providing value-relevant information in an easily digestible way.

What is an Integrated Report? An Integrated Report is the most visible and tangible manifestation of Integrated Reporting. It is a comprehensive communication of the way in which an organization creates and preserves value in the short-, medium and long-term.

Why is the Indiana CPA Society preparing an Integrated Report? In an effort to help our members and stakeholders gain a better understanding of Integrated Reporting, we believe it is a natural extension to create our own report on our membership and on the report on our organizations they know. Also, as supporters of the concept of Integrated Reporting, we believe it is important to show its value and our support by creating our own report.

Why is Integrated Reporting relevant for Indiana CPA Society members and their clients and employer companies? Integrated Reporting is a more complete model of corporate reporting and facilitates the assessment of the value creation potential of an organization to investors, lenders, donors and other stakeholders. In our case, our Integrated Report is focused primarily on how we create value for our members, while also addressing the information needs of other stakeholders—including students, educators, business decision makers and other users of financial statements and CPA services to help them better understand the value of CPAs.

3 | Indiana CPA Society 2022 INTEGRATED REPORT

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incpas.org

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Integrity. Trust.

Summary

Leadership vs management

Leadership ethics

Leadership styles

Resources

Recommended reading

Examples and recommendations for continued leadership development

Leading self, leading business, and leading in the community

Holistic approach including developing T-shaped skills

The “why” including opportunities

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Summary + Key Takeaways

Investing in Ethical Leadership

- Build trust
- Business culture
- Embrace diversity of thought
- Own decisions and actions
- Continuous review and improvement
- Communicate ethical core values
- Be consistent and follow through
- Transparency with teams
- Continuous improvement

Core Values

Authentic
Balanced
Committed
Connected
Growth-Minded
Innovative
Integrity
Open-Minded
Progressive
Visionary



Q&A

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