Recovering from ethical failure

The obvious ethical failures that this entails are compounded by the legal implications – namely that individuals who participate in cartels may face criminal prosecution, even though the provisions in the Competition Amendment Act that criminalise cartel conduct have not yet been signed into law.

Whatever the outcomes in this case – whether fines or immunity from prosecution in exchange for co-operation – all the companies involved will face the challenge of how to recover from ethical failure. Crucially, this entails re-establishing confidence in the organisation and the industry. This is critical to getting back to a situation of some trust, which is an essential ingredient for a successful – or even for a functional – relationship with stakeholders, whether employees, public sector officials, customers, suppliers, unions or lobby groups.

An approach that can build confidence and re-establish trust is the A5 approach. This includes five steps, namely admit; take accountability; apologise; make amends; and do not do it again. The first three steps are closely related and can largely be addressed together – although each one is important in its own right.

Admit
Admitting is the first step – which excludes the typical ‘ostrich’ approach of pretending nothing has happened or hoping the problem will go away over time. This is unlikely to be successful in the globally inter-connected world of today with excellent investigative journalism. Admitting to an ethical problem may well cause damage, but when the facts are surfaced by someone else, such as the press, it is almost certain to cause more damage. If a business leader admits to the problem as soon as it comes to his/her attention, the admission can even be positioned as being transparent.

Accountability
Taking accountability is an important second step. This is not achieved by the familiar tactic of blaming others. While others may have been directly responsible for the misconduct, that does not limit accountability to those individuals. Leaders should accept that they are also answerable for the conduct in their companies, as was illustrated by the resigna-

By Cynthia Schoeman, managing director, Ethics Monitoring & Management Services

THE OBVIOUS ETHICAL failures that this entails are compounded by the legal implications – namely that individuals who participate in cartels may face criminal prosecution, even though the provisions in the Competition Amendment Act that criminalise cartel conduct have not yet been signed into law.

Whatever the outcomes in this case – whether fines or immunity from prosecution in exchange for co-operation – all the companies involved will face the challenge of how to recover from ethical failure. Crucially, this entails re-establishing confidence in the organisation and the industry. This is critical to getting back to a situation of some trust, which is an essential ingredient for a successful – or even for a functional – relationship with stakeholders, whether employees, public sector officials, customers, suppliers, unions or lobby groups.

An approach that can build confidence and re-establish trust is the A5 approach. This includes five steps, namely admit; take accountability; apologise; make amends; and do not do it again. The first three steps are closely related and can largely be addressed together – although each one is important in its own right.

Admit
Admitting is the first step – which excludes the typical ‘ostrich’ approach of pretending nothing has happened or hoping the problem will go away over time. This is unlikely to be successful in the globally inter-connected world of today with excellent investigative journalism. Admitting to an ethical problem may well cause damage, but when the facts are surfaced by someone else, such as the press, it is almost certain to cause more damage. If a business leader admits to the problem as soon as it comes to his/her attention, the admission can even be positioned as being transparent.

Accountability
Taking accountability is an important second step. This is not achieved by the familiar tactic of blaming others. While others may have been directly responsible for the misconduct, that does not limit accountability to those individuals. Leaders should accept that they are also answerable for the conduct in their companies, as was illustrated by the resigna-

By Cynthia Schoeman, managing director, Ethics Monitoring & Management Services

THE OBVIOUS ETHICAL failures that this entails are compounded by the legal implications – namely that individuals who participate in cartels may face criminal prosecution, even though the provisions in the Competition Amendment Act that criminalise cartel conduct have not yet been signed into law.

Whatever the outcomes in this case – whether fines or immunity from prosecution in exchange for co-operation – all the companies involved will face the challenge of how to recover from ethical failure. Crucially, this entails re-establishing confidence in the organisation and the industry. This is critical to getting back to a situation of some trust, which is an essential ingredient for a successful – or even for a functional – relationship with stakeholders, whether employees, public sector officials, customers, suppliers, unions or lobby groups.

An approach that can build confidence and re-establish trust is the A5 approach. This includes five steps, namely admit; take accountability; apologise; make amends; and do not do it again. The first three steps are closely related and can largely be addressed together – although each one is important in its own right.

Admit
Admitting is the first step – which excludes the typical ‘ostrich’ approach of pretending nothing has happened or hoping the problem will go away over time. This is unlikely to be successful in the globally inter-connected world of today with excellent investigative journalism. Admitting to an ethical problem may well cause damage, but when the facts are surfaced by someone else, such as the press, it is almost certain to cause more damage. If a business leader admits to the problem as soon as it comes to his/her attention, the admission can even be positioned as being transparent.

Accountability
Taking accountability is an important second step. This is not achieved by the familiar tactic of blaming others. While others may have been directly responsible for the misconduct, that does not limit accountability to those individuals. Leaders should accept that they are also answerable for the conduct in their companies, as was illustrated by the resigna-

By Cynthia Schoeman, managing director, Ethics Monitoring & Management Services

THE OBVIOUS ETHICAL failures that this entails are compounded by the legal implications – namely that individuals who participate in cartels may face criminal prosecution, even though the provisions in the Competition Amendment Act that criminalise cartel conduct have not yet been signed into law.

Whatever the outcomes in this case – whether fines or immunity from prosecution in exchange for co-operation – all the companies involved will face the challenge of how to recover from ethical failure. Crucially, this entails re-establishing confidence in the organisation and the industry. This is critical to getting back to a situation of some trust, which is an essential ingredient for a successful – or even for a functional – relationship with stakeholders, whether employees, public sector officials, customers, suppliers, unions or lobby groups.

An approach that can build confidence and re-establish trust is the A5 approach. This includes five steps, namely admit; take accountability; apologise; make amends; and do not do it again. The first three steps are closely related and can largely be addressed together – although each one is important in its own right.

Admit
Admitting is the first step – which excludes the typical ‘ostrich’ approach of pretending nothing has happened or hoping the problem will go away over time. This is unlikely to be successful in the globally inter-connected world of today with excellent investigative journalism. Admitting to an ethical problem may well cause damage, but when the facts are surfaced by someone else, such as the press, it is almost certain to cause more damage. If a business leader admits to the problem as soon as it comes to his/her attention, the admission can even be positioned as being transparent.

Accountability
Taking accountability is an important second step. This is not achieved by the familiar tactic of blaming others. While others may have been directly responsible for the misconduct, that does not limit accountability to those individuals. Leaders should accept that they are also answerable for the conduct in their companies, as was illustrated by the resigna-

By Cynthia Schoeman, managing director, Ethics Monitoring & Management Services

THE OBVIOUS ETHICAL failures that this entails are compounded by the legal implications – namely that individuals who participate in cartels may face criminal prosecution, even though the provisions in the Competition Amendment Act that criminalise cartel conduct have not yet been signed into law.

Whatever the outcomes in this case – whether fines or immunity from prosecution in exchange for co-operation – all the companies involved will face the challenge of how to recover from ethical failure. Crucially, this entails re-establishing confidence in the organisation and the industry. This is critical to getting back to a situation of some trust, which is an essential ingredient for a successful – or even for a functional – relationship with stakeholders, whether employees, public sector officials, customers, suppliers, unions or lobby groups.

An approach that can build confidence and re-establish trust is the A5 approach. This includes five steps, namely admit; take accountability; apologise; make amends; and do not do it again. The first three steps are closely related and can largely be addressed together – although each one is important in its own right.

Admit
Admitting is the first step – which excludes the typical ‘ostrich’ approach of pretending nothing has happened or hoping the problem will go away over time. This is unlikely to be successful in the globally inter-connected world of today with excellent investigative journalism. Admitting to an ethical problem may well cause damage, but when the facts are surfaced by someone else, such as the press, it is almost certain to cause more damage. If a business leader admits to the problem as soon as it comes to his/her attention, the admission can even be positioned as being transparent.

Accountability
Taking accountability is an important second step. This is not achieved by the familiar tactic of blaming others. While others may have been directly responsible for the misconduct, that does not limit accountability to those individuals. Leaders should accept that they are also answerable for the conduct in their companies, as was illustrated by the resigna-

By Cynthia Schoeman, managing director, Ethics Monitoring & Management Services

THE OBVIOUS ETHICAL failures that this entails are compounded by the legal implications – namely that individuals who participate in cartels may face criminal prosecution, even though the provisions in the Competition Amendment Act that criminalise cartel conduct have not yet been signed into law.

Whatever the outcomes in this case – whether fines or immunity from prosecution in exchange for co-operation – all the companies involved will face the challenge of how to recover from ethical failure. Crucially, this entails re-establishing confidence in the organisation and the industry. This is critical to getting back to a situation of some trust, which is an essential ingredient for a successful – or even for a functional – relationship with stakeholders, whether employees, public sector officials, customers, suppliers, unions or lobby groups.

An approach that can build confidence and re-establish trust is the A5 approach. This includes five steps, namely admit; take accountability; apologise; make amends; and do not do it again. The first three steps are closely related and can largely be addressed together – although each one is important in its own right.

Admit
Admitting is the first step – which excludes the typical ‘ostrich’ approach of pretending nothing has happened or hoping the problem will go away over time. This is unlikely to be successful in the globally inter-connected world of today with excellent investigative journalism. Admitting to an ethical problem may well cause damage, but when the facts are surfaced by someone else, such as the press, it is almost certain to cause more damage. If a business leader admits to the problem as soon as it comes to his/her attention, the admission can even be positioned as being transparent.

Accountability
Taking accountability is an important second step. This is not achieved by the familiar tactic of blaming others. While others may have been directly responsible for the misconduct, that does not limit accountability to those individuals. Leaders should accept that they are also answerable for the conduct in their companies, as was illustrated by the resigna-

By Cynthia Schoeman, managing director, Ethics Monitoring & Management Services

THE OBVIOUS ETHICAL failures that this entails are compounded by the legal implications – namely that individuals who participate in cartels may face criminal prosecution, even though the provisions in the Competition Amendment Act that criminalise cartel conduct have not yet been signed into law.

Whatever the outcomes in this case – whether fines or immunity from prosecution in exchange for co-operation – all the companies involved will face the challenge of how to recover from ethical failure. Crucially, this entails re-establishing confidence in the organisation and the industry. This is critical to getting back to a situation of some trust, which is an essential ingredient for a successful – or even for a functional – relationship with stakeholders, whether employees, public sector officials, customers, suppliers, unions or lobby groups.

An approach that can build confidence and re-establish trust is the A5 approach. This includes five steps, namely admit; take accountability; apologise; make amends; and do not do it again. The first three steps are closely related and can largely be addressed together – although each one is important in its own right.

Admit
Admitting is the first step – which excludes the typical ‘ostrich’ approach of pretending nothing has happened or hoping the problem will go away over time. This is unlikely to be successful in the globally inter-connected world of today with excellent investigative journalism. Admitting to an ethical problem may well cause damage, but when the facts are surfaced by someone else, such as the press, it is almost certain to cause more damage. If a business leader admits to the problem as soon as it comes to his/her attention, the admission can even be positioned as being transparent.

Accountability
Taking accountability is an important second step. This is not achieved by the familiar tactic of blaming others. While others may have been directly responsible for the misconduct, that does not limit accountability to those individuals. Leaders should accept that they are also answerable for the conduct in their companies, as was illustrated by the resigna-
Important acquisitions

Invicta has announced that its holding company for its South African operations, Humulani Investments, through its Capital Equipment Group (CEG), has concluded an agreement to acquire 100% of the ordinary share capital of High Power Equipment Africa (HPE).

“The acquisition is a strategic investment which will enable Invicta to broaden its product offering to the plant hire, construction, quarrying and mining industries in South Africa and into Africa. The transaction has been approved by the Competition Commission,” says Tony Sinclair, CEO, CEG. “HPE, the Hyundai earthmoving and construction equipment and spare parts agency for South Africa and surrounding countries, will form part of Invicta’s Capital Equipment Group and will continue to trade as HPE, operating as a separate entity from Invicta’s other related equipment operations.”

HPE, which has established a reputation for robust, quality machines, technical expertise and a reliable support service, is well positioned to increase its market share in the sectors in which it trades. In another deal, Invicta Holdings Limited has concluded a R1,36-billion deal, with the acquisition of Singapore listed Kian Ann Engineering Limited, global distributors of heavy equipment parts and diesel engine and truck spares. This is the third biggest company of its kind in the world.

“Kian Ann, with a similar profile to ESP – Equipment Spare Parts Africa – also part of Invicta Holdings – is an excellent strategic fit and will form part of the Capital Equipment Group (CEG),” says Sinclair. “This global acquisition, which is likely to increase Invicta’s turnover by 20%, is the first deal in the company’s international expansion strategy. This acquisition boosts Invicta’s focus on extending its existing after-market spare parts base by establishing a source hub in Asia – one of the major world growth centres. The combined group, including Bearing Man Group (BMG), will have the muscle to leverage on operations in emerging markets, broadening CEG’s product offering and expanding its service to global customers. “The world annual market for excavators is 458 000 units, with the Chinese market being 178 000 units of these. The South African market is approximately 1 000 units per annum.”

Kian Ann, with offices in Indonesia, Malaysia, China and Singapore, distributes over 1,3-million different components, covering 270 brands from 220 suppliers to international dealers and end-users in more than 50 countries, including China.

The range includes diesel engine and electrical parts, ground engaging tools, hydraulic components, transmission and drive parts, undercarriage parts and OEM and replacement components.

These components are used for excavators, bulldozers, wheel loaders, motor graders, trucks, trailers, power generation sets and marine engines. The machine brands that the Group’s products support include Caterpillar, Komatsu, Cummins, Hitachi, Kobelco, Sumitomo, Mercedes Benz, Volvo, Scania, Man, BPW, Hyundai, Samsung and Daewoo/Doosan.

CEG is strategically positioned to service all diverse sectors, including infrastructure development, construction, forestry, agriculture, mining and marine industries.

Important acquisitions

Invicta has announced that its holding company for its South African operations, Humulani Investments, through its Capital Equipment Group (CEG), has concluded an agreement to acquire 100% of the ordinary share capital of High Power Equipment Africa (HPE).

“The acquisition is a strategic investment which will enable Invicta to broaden its product offering to the plant hire, construction, quarrying and mining industries in South Africa and into Africa. The transaction has been approved by the Competition Commission,” says Tony Sinclair, CEO, CEG. “HPE, the Hyundai earthmoving and construction equipment and spare parts agency for South Africa and surrounding countries, will form part of Invicta’s Capital Equipment Group and will continue to trade as HPE, operating as a separate entity from Invicta’s other related equipment operations.”

HPE, which has established a reputation for robust, quality machines, technical expertise and a reliable support service, is well positioned to increase its market share in the sectors in which it trades. In another deal, Invicta Holdings Limited has concluded a R1,36-billion deal, with the acquisition of Singapore listed Kian Ann Engineering Limited, global distributors of heavy equipment parts and diesel engine and truck spares. This is the third biggest company of its kind in the world.

“Kian Ann, with a similar profile to ESP – Equipment Spare Parts Africa – also part of Invicta Holdings – is an excellent strategic fit and will form part of the Capital Equipment Group (CEG),” says Sinclair. “This global acquisition, which is likely to increase Invicta’s turnover by 20%, is the first deal in the company’s international expansion strategy. This acquisition boosts Invicta’s focus on extending its existing after-market spare parts base by establishing a source hub in Asia – one of the major world growth centres. The combined group, including Bearing Man Group (BMG), will have the muscle to leverage on operations in emerging markets, broadening CEG’s product offering and expanding its service to global customers. “The world annual market for excavators is 458 000 units, with the Chinese market being 178 000 units of these. The South African market is approximately 1 000 units per annum.”

Kian Ann, with offices in Indonesia, Malaysia, China and Singapore, distributes over 1,3-million different components, covering 270 brands from 220 suppliers to international dealers and end-users in more than 50 countries, including China.

The range includes diesel engine and electrical parts, ground engaging tools, hydraulic components, transmission and drive parts, undercarriage parts and OEM and replacement components.

These components are used for excavators, bulldozers, wheel loaders, motor graders, trucks, trailers, power generation sets and marine engines. The machine brands that the Group’s products support include Caterpillar, Komatsu, Cummins, Hitachi, Kobelco, Sumitomo, Mercedes Benz, Volvo, Scania, Man, BPW, Hyundai, Samsung and Daewoo/Doosan.

CEG is strategically positioned to service all diverse sectors, including infrastructure development, construction, forestry, agriculture, mining and marine industries.