

The Ethics of Corporate Comms

Teresa Schmedding • Managing Editor, Rotary International
President, American Copy Editors Society
[@tschmedding](#)

Soooo cool



In today's digital world, you will get caught lying – and it will cost you.

Federal Trade Commission Sues Volkswagen Over Falsely Advertising Its Diesel's Emission Levels

Major Details in the Lawsuit



Vehicles Impacted

- FTC estimates VW sold **550,000** diesel vehicles from 2009 to 2015 when the aid campaign was running
- Lawsuit would compensate vehicle owners for fixing vehicles to comply with emission standards



Amount of Damages

- FTC is estimated to be seeking **\$15 billion** in damages
- Each vehicle's estimated cost is \$28,000
- Multiplied over 550,000 vehicles works out to a rough \$15 billion estimate



Severity of Emission Violations

- VW Diesel vehicle emissions were over **40 times** the legal limit
- They were advertised as reducing emissions by 90%

(sic)

NationalJournal.com

Volkswagen: The scandal explained

By Russell Hotten
Business reporter, BBC News

🕒 10 December 2015 | Business

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The New York Times

Explaining Volkswagen's Emissions Scandal

By GUILBERT GATES, JACK EWING, KARL RUSSELL and DEREK WATKINS | UPDATED July 19, 2016

Volkswagen has admitted that 11 million of its vehicles were equipped with software that was used to cheat on emissions tests. The company is now contending with the fallout.

RELATED ARTICLE

'We Didn't Lie,' Volkswagen CEO Says Of Emissions Scandal

January 11, 2016 - 4:38 PM ET

 SONARI GLINTON   



Volkswagen CEO Matthias Mueller speaks to the media Sunday in Detroit, apologizing for the scandal that has plunged the German auto giant into crisis.

VW CEO Flubs Interview With Apology Tour Off to Rocky Start

by Naomi Kresge  naomikresge Christoph Rauwald  Rauwald

NPR: You said this was a technical problem, but the American people feel this is not a technical problem, this is an ethical problem that's deep inside the company. How do you change that perception in the U.S.?

Matthias Mueller: Frankly spoken, it was a technical problem. We made a default, we had a ... not the right interpretation of the American law. And we had some targets for our technical engineers, and they solved this problem and reached targets with some software solutions which haven't been compatible to the American law. That is the thing. And the other question you mentioned — it was an ethical problem? I cannot understand why you say that.

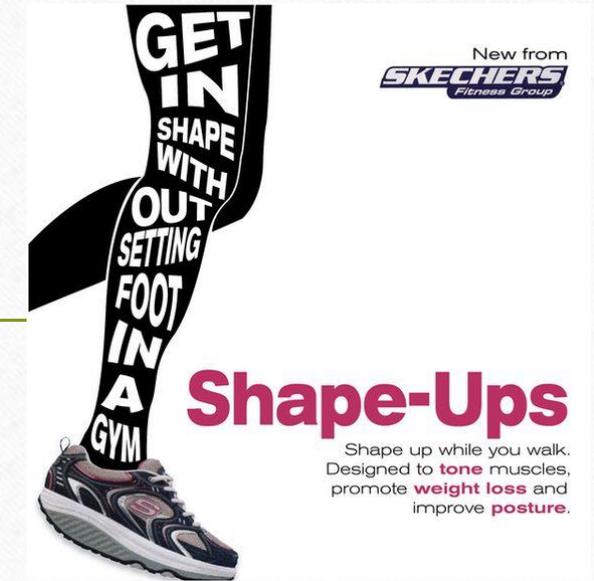
Cost?

- \$18 billion in recall and legal costs
- Revenues fell from \$12.2 billion profit to a \$1.8 billion loss
- Chief Executive Martin Winterkorn, top lieutenants lost jobs
- What will the loss of trust and a tarnished brand image cost in the future?



Is it everywhere?

- Skechers paid \$40 million for making scientifically unfounded claims
- Listerine pulled ads that claimed the mouthwash was clinically proven to be as effective as floss in fighting tooth and gum decay
- Snapchat settled with the FTC over claims that it misled users to believe photos couldn't be saved and it lied about the amount of personal data it was collecting from users
- Naked Juice paid \$9 million and pulled "All Natural" labels from bottles
- Kellogg pulled "All Natural" and "Nothing Artificial" labels from certain Kashi and Bear Naked products



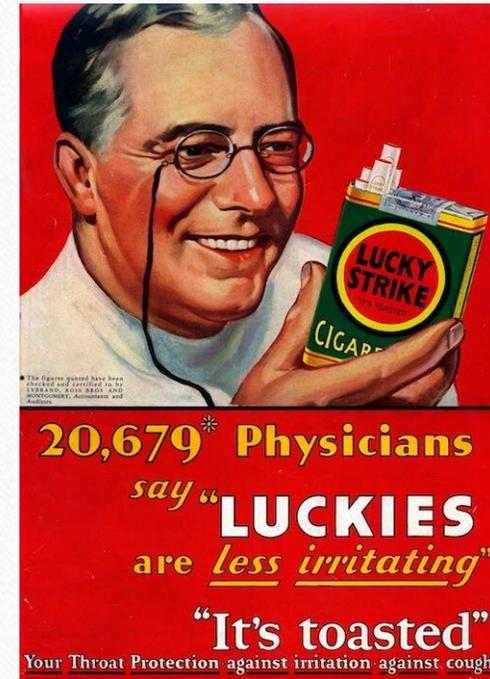
Reputation management

- Lines are blurring between commercials, markets, corporate communications
- Your audience sees it all as one
- Your audience picks their own communication channel
- Corporate comms is an integral part of all channel campaigns

Corporate communications: Yesterday

Corporate communications used to be about infotactics:

- Filtering information
- Dosing information
- Spinning information
- Controlling the message
- Position of power



Corporate communications: Today

Corporate communications is now ethical:

- Credibility
- Legitimacy
- Transparency
- Honesty
- Cooperation



Ethics and digital media

- You need an ethical compass.
- Changing technologies mean rules are always in flux.
- Be open, transparent, ethical with your readers.
- Corporate social responsibility extends to digital.
- Fortune companies were more truthful, respectful, and socially responsible on Twitter but that Facebook content was more authentic and equitable.

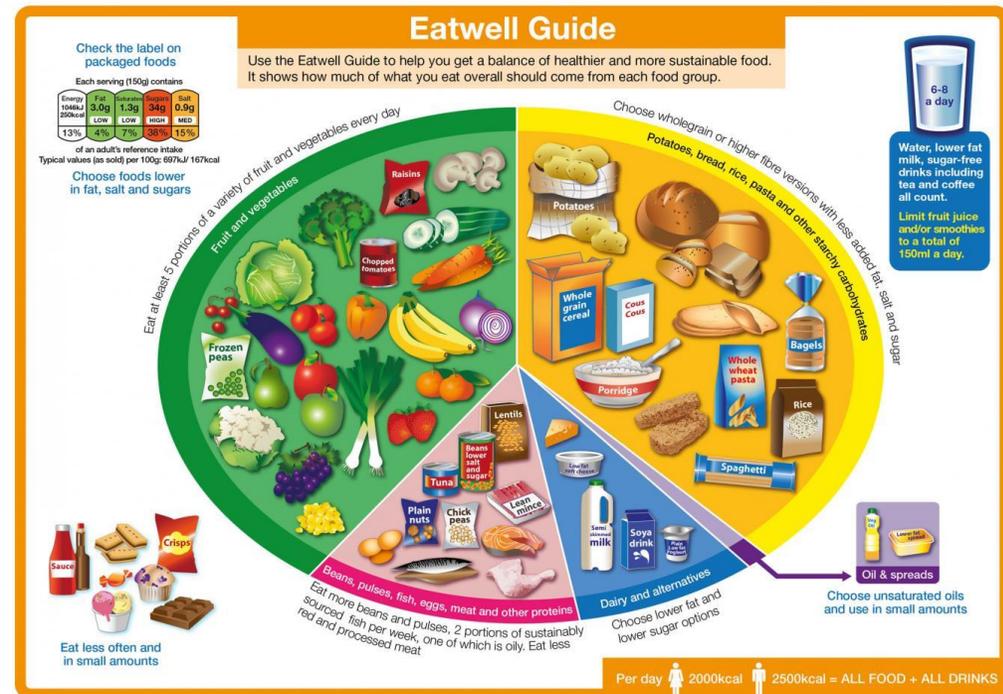
Fine line

- Where is the line between fair and honest strategic communications and propaganda?



Strategic or spin?

- Public Health England releases graphic on healthy eating
- At least half the members included British Retail Consortium, the Food and Drink Federation, and the Institute of Grocery Distribution, major food producers and brands, the Association of Convenience Stores and the Agriculture and Horticulture Development Board (AHDB), which is funded by the meat, dairy and potato industry.



Strategic or spin?

- The Rotary Foundation receives a 4-star rating from Charity Navigator.
- Rotary is a global organization. Charity Navigator evaluates only U.S. companies.
- Does material need to specify U.S.?

CHARITY NAVIGATOR UPGRADES ROTARY FOUNDATION'S RATING

The Rotary Foundation has received the highest possible score from [Charity Navigator](#), an independent evaluator of charities in the U.S.



Strategic or spin?

- Beyonce has been accused of running a Sri Lanka sweatshop
- The Sun says: The mostly female workers earn \$6.17.
- Ivy Park says: Minimum daily wage is \$2.68 so we pay more than double.

Sweatshop working earning 87c an hour Beyonce's Ivy Park clothing range

MAY 15, 2016 1:22PM



Beyonce's launched her Ivy Park activewear line last month. Photo Chris Pavlich

Communication ethics

- Let's assume you won't outright lie
- You will encounter conflicts
- Most conflict will come from withholding information
- Know that you will look for excuses to not be ethical

“Last Night Dr Oz Spoke About Green Coffee Beans & How They Can Help You Lose Weight”



Order Now



“

If you find yourself questioning if this is unethical, it probably is.

”

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