

# RICHARD M. BRANDT

## DIRECTOR, IACOCCA INSTITUTE



IAC  
INS  
INTER  
AFFAIRS

LEHIGH  
UNIVERSITY



Dick Brandt is an international consultant, advisor and accomplished public speaker. He has had over 15 years of experience in managing international business operations, while serving in various Vice Presidential positions during a 25-year career at AT&T and Lucent Technologies. International operations for which Mr. Brandt assumed responsibility included all activities associated with sales, project implementation, technical sales support and staff in over 25 countries in Asia, Western Europe, Eastern Europe, the Middle East and Africa. These responsibilities led him to direct discussions of international business issues with world leaders such as the former President of the PLO, Yasser Arafat and Jiang Zemin, former President of the PRC. Mr. Brandt also served on the Board of Directors for five international ventures in Singapore, the PRC, India, Poland and Russia. He assumed the position of International Sales Vice President in 1989 and concentrated on opening up the Asia/Pacific market for AT&T starting with Korea and Taiwan. Dick then established several joint ventures and expanded operations to 15 countries in Asia by 1994. During this time, Dick led several hundred sales and support staff with hundreds of millions of dollars in annual sales.

In 1970, Dick Brandt began his career as a sales manager for Ohio Bell. Ten years later as a principal consultant for AT&T International in Dublin, Ireland, his international work began with the establishment of AT&T's first international company. Mr. Brandt spent over 14 years living and working overseas, beginning in Ireland and continuing in Italy, Australia, New Zealand, Hong Kong, and the Netherlands.

His personal and professional experience in marketing, team leadership, joint ventures and global business architecture and management has given him depth and perception that he brings to both the training room and his advice to corporate clients. Mr. Brandt has developed extensive seminar materials on various aspects of international work in the global marketplace. He earned his BS Degree from Kent State University, and he is a graduate of the Advanced Management Program at the Harvard Business School. He also served as a First Lieutenant in the United States Army immediately after his years at Kent State in the ROTC program. He spent two years on active duty at Fort Bliss, El Paso, Texas, and received the Army commendation medal for his work as the Public Information Officer. He then spent five years in the Army Reserves in Ohio.

Following his tenure at AT&T, Mr. Brandt has been able to devote himself to speaking and training engagements, having delivered lectures at Erasmus University in the Netherlands, Rome University in Italy, the World Economic Forum in South Africa, and Loyola University in Europe, plus training for Warner Lambert (The Sales Process in Japan), Bristol-Meyers Squibb (Doing business in Australia/New Zealand), Rohm & Haas (Asia Pacific Business Training), and Baruch College (Establishing International Joint Ventures).

Dick has been employed by Lehigh University for the past 18 years. He serves as the Director of the Iacocca Institute in the Office of the Vice President of International Affairs, and has been the Director of the renowned Global Village Program for Future Leaders of Business and Industry for 15 years. The Global Village Program delivers its learning through interactive courses, multi-cultural teaming experiences, business and organizational visits, executive round table discussions, themed panel and seminar sessions. Since its inception, this program has welcomed 1660 young leaders from 131 countries – all of whom are part of the Global Village worldwide alumni network.

In addition to delivering the International Business courses at The Iacocca Institute at Lehigh University, Mr. Brandt has also taught Business One for seven years at Lehigh's College of Business and Economics. He currently facilitates a session on international negotiations in the innovative Integrated Business and Engineering Honors Program. Additionally, Mr. Brandt has taught the Business Policy course in the Executive MBA Program at The Zicklin School of Business, Baruch College, and The City University of New York. He has also taught executive education programs for Long Island University.

[www.iacocca-lehigh.org](http://www.iacocca-lehigh.org)

[rmb4@lehigh.edu](mailto:rmb4@lehigh.edu)

# WHAT I HAVE DONE AND WHERE I HAVE DONE IT

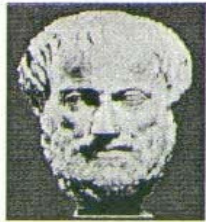
- Started with the first international company for AT&T in 1980
- One year in Ireland to develop a Strategic Plan for An Bord Telecom
- Two years in Italy to structure a Major Accounts Sales Organization for SIP
- Two years in Australia to establish a National Sales Organization for Telstra
- One year in New Zealand to create a National Sales Organization and nationwide distribution chain for the New Zealand Post Office
- Three years in Italy and Greece to establish the first AT&T offices
- Four years in Hong Kong to run the Network Systems (Lucent) sales force for Asia
- Two years in The Netherlands for sales and product management in Eastern Europe, Middle East and Africa



# SENZATIONS – CROATIA BUSINESS ETHICS

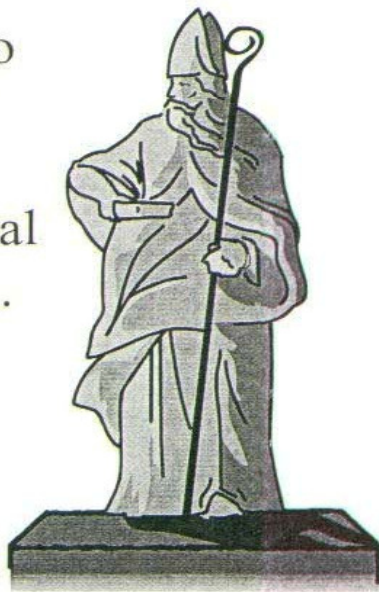


# GROUPS DOMINATE OVER INDIVIDUALS



## Groups Dominate Over Individuals

Why do we go from individual saints...



...to groups of scoundrels?



Its the culture! It makes us do things we would not do alone.



# ETHICAL DECISION MAKING IN BUSINESS



# A BUSINESSMAN'S PERSONAL RESPONSIBILITY

- Annual Meeting with Corporate Attorney
- Rollout to all Employees
- Signed Agreement on Understanding of Ethical Behavior
- Agreement Filed with Human Resources and Legal



# A BUSINESSMAN'S PERSONAL RESPONSIBILITY (CONTINUED)



- Personal conduct
- Privacy of information
- Unauthorized voice or data communications
- Conflict of interest
- Inside information and securities investment



# A BUSINESSMAN'S PERSONAL RESPONSIBILITY (CONTINUED)

- Copyrighted works and proprietary information
- Espionage and sabotage
- Company records and company property
- Fair competition and antitrust laws
- Government classified information
- Export control laws
- Foreign economic boycotts
- Company funds





# FOREIGN CORRUPT PRACTICES ACT

[www.iacocca-lehigh.org](http://www.iacocca-lehigh.org)

[rmb4@lehigh.edu](mailto:rmb4@lehigh.edu)



LEHIGH  
UNIVERSITY

IACOCCA  
INSTITUTE  
INTERNATIONAL  
AFFAIRS

# U.S. FOREIGN CORRUPT PRACTICES ACT

- U.S. Congress enacted F.C.P.A. in 1977
- Legislative Amendments in 1988
- Added accounting and reporting requirements to make “Secret” payments more difficult
- U.S. Trade Department and NY Times reported \$45Bil lost annually by U.S. business – F.C.P.A.
- Since 1998 Thirty-two countries signed an agreement to implement FCPA type rules.



# U.S. FOREIGN CORRUPT PRACTICES ACT

- Payment has to be illegal in the country where it occurred.
- 20 foreign nations permit tax deductions for payments.
- F.C.P.A. allows two “Affirmative Defenses”
- Lawful under written laws and regulations of foreign country
  - A reasonable and bona fide expenditure such as travel, living and lodging
- Expediting routine government action is “Facilitating Payment”
- To date 31 cases prosecuted by D.O.J.



# U.S. FOREIGN CORRUPT PRACTICES ACT

## Applies to Whom

- Any U.S. corporation or business entity
- Non-U.S. business entity having its principal place of business in the U.S. and stock is traded on U.S. Stock Exchange.
- Any U.S. Citizen, National or Resident
- An incident where the payment transaction occurred in the United States.

## What Does it Prohibit

Offers of Payment

Promises of Payments

Gifts

“Facilitating Payments” not covered

Payments

Offers of Anything of Value

Failure to record or conceal illegal transactions



# U.S. FOREIGN CORRUPT PRACTICES ACT

- Payment to Whom
  - Government Officials
  - Political Parties
  - Candidates for Local Foreign Government offices
  - Officials of public international organizations (W.H.O. or I.O.C.).
- Payment for What
  - Obtain, Retain or Direct Business
- Liability for Failure to Comply
  - Fines - \$100,000 for individuals and up to \$2 Mil. For U.S. companies
  - Imprisonment – maximum of 5 years imprisonment
  - Individual Employees Responsible
  - Significant Penalties Against the U.S. Company
  - Cannot be “Willfully Blind” to subsidiary actions



# RECENT CASE EXAMPLES

- Dow Chemical subsidiary paid \$200,000 in bribes to India's central insecticide board.
- Vetco International subsidiaries (oil drilling equipment) paid \$2.1 M in corrupt payments in Nigeria.
- Diagnostic Products Corp. paid \$1.6 M in improper commission payments to state-owned hospitals in Tianjin, China.
- Monsanto paid \$700,000 in improper payments to Indonesia officials to drop environmental impact requirements.
- In Vision Corp., after merger with GE, voluntarily disclosed F.C.P.A. violations to foreign officials in Thailand, Philippines and China for airport baggage handling contracts.



# INTERNATIONAL ETHICS CASES IN 10 COUNTRIES

[www.iacocca-lehigh.org](http://www.iacocca-lehigh.org)

[rmb4@lehigh.edu](mailto:rmb4@lehigh.edu)



LEHIGH  
UNIVERSITY

IACOCCA  
INSTITUTE  
INTERNATIONAL  
AFFAIRS

# THREE WAYS TO JUDGE THE SITUATION

- Utility
  - Does it optimize the satisfaction of all?
- Rights
  - Does it respect the rights of individuals involved?
- Justice
  - Is it consistent with the canons of justice, laws or company policy?  
Are there overriding factors?





# TAIWAN

- Successful Joint Venture
- Need for Local Supplier
- Managing Director Chooses Relative
- Keep the Business in the Taiwan Family



# THAILAND

- Successful Sales Operation
- Successful Agent
- Thailand Stock Market like Gambling
- No SEC or Similar Controls
- Agent Gives Managing Director Tips to Succeed in Stock Trades



# ITALY

- Government Encourages Local Acquisition of Company
- Negotiations Go on for Months
- Chief German Competitor Sends Funds to Political Party
- American Companies Cannot Make Similar Contributions



# RUSSIA

- Successful Services Joint Venture in Moscow
- Additional Local Personnel Must be Hired
- Russian Management Hires Relatives First



# UKRAINE

- Joint Venture Proposed in Odessa
- Initial Payments Collected from Customers
- Bank Selected by Ukrainian Partners
- Money Laundering Occurs Through Our Accounts



# KOREA

- Long-standing Joint Venture with Major Company
- Joint Factories and Joint Supply Warehouse
- Korean Company Uses USA Components in Korean Equipment
- Equipment Shipped to Embargoed Country



# HONG KONG

- Chinese Salesmen Have Company Car
- Company Car is Part of Sales Compensation
- Car Given to Wife as a Perk for Personal Use During the Week



# POLAND

- Telecom Acquisition Encouraged by Polish Government
- First Three Countries in Market Join a Cartel
- Collaboration is to Protect Geography
- Pricing is Key Issue to Discuss or Not to Discuss





# GHANA

- All Business Involves the Use of Agents
- Agent Fees are Out of Range
- Advice from US Ambassador and Commerce Department



# USA

- Top Sales VP Sponsors Award Event
- High-priced Gifts Bought for Spouses and Guests
- Cost Buried in Cost of Overall Event - Gift Items Not Identified
- Voucher Meets Budget Projection



# ETHICAL STANDARDS TESTED EVERY DAY

- Must Take a Stand Based on Your Personal Ethics
- Tested Every Day by Decisions Your People Make
- Foreign Corrupt Practice is Rule of Law



# FRAUD TRIANGLE

