

Intouch



“TURNING ON
**BRIGHT
IDEAS**”

How Ivey alums like Susan Lute, EMBA '03,
are fostering innovation

CASE STUDY

In this and future issues of Intouch, we will feature a “mini-case” to test your mettle and stimulate your thinking on management issues. You remember the drill—read and analyze the case, develop your ideas, and then discuss them “in class.” To post your comments and read comments from experts and other alumni, visit www.ivey.uwo.ca/alumni/intouch/casestudy

AN ETHICAL DILEMMA

Balancing objectives with norms and values

Sebastian Young, the newly minted President of Asia for the Bank of Toronto (BTO), was between a rock and a hard place. As he prepared for a golf game with the Mayor of Xanadu, he had just been asked if he wanted to place a “small” wager on the match – \$1,000 per hole!

Young, 44, was considered a high flyer with the Bank of Toronto, a major Canadian financial institution. Two years ago, after various domestic roles, Young earned his stripes as the SVP of USA West banking, managing operations from Los Angeles. Under his leadership, the division was able to maximize returns from distressed assets in the movie and entertainment industry.

In recognition of his success, Young was offered the position of President of BTO’s operations in Asia – a high potential but less developed region for the Bank. He knew he was airlifted into the leadership role to turn the business around. For years, BTO had tried to establish a foothold in Asia but revenue growth had been sluggish. BTO still hadn’t established itself as a major player in Asia.

This was a role that would determine the trajectory of Young’s career. Another success would position him well

for the future. A failed effort would devalue this reputation and he knew the talk would start that he was simply lucky in the U.S.

Leader of Asia

Young had been in his position for six months. He worked 12 hour days, six days a week, building his network and getting to know his team and clients across Asia. He had been to more official functions in his few short months in Asia than he had in the previous 15 years. He relished being recognized as the leader of the organization. In Asia, his title garnered real respect.

He wanted to set the stage for success with an early win. Five years of slow growth and unachieved objectives had convinced his team that they couldn’t compete with the big international banks. Turnover of local employees had been creeping higher, with many moving to market leaders such as HSBC, UBS, Citi and even Canadian competitor banks.

Young felt this was a sign that morale was weakening.

Golfing with the Mayor

One way to establish BTO as a player was to land a client held in such high esteem that others would take notice immediately. Young targeted the Government of Xanadu. He scheduled a trip to Xanadu and a whole day of activity was organized – meetings and lunch with various representatives of the government, followed by a private golf match with the Mayor.

As Young was putting on his shoes in the locker room, the Mayor’s aide approached to let him know the Mayor enjoyed making a “small” wager when he played golf – US\$1,000 a hole! While the approach was very cordial, Young was in no doubt that the future relationship between the government and the Bank could depend on him losing the match and paying the wager. It was clear,

too, that this was not the first time such an approach had been made.

Young’s Dilemma

Young knew that kickbacks were still commonplace in many regions but he was caught by surprise. If this was normal business practice in Asia, would he have to do it to establish other relationships and win business? The amount was not the issue; it was the principle. Young wondered how this was different from entertaining his prospects at sporting events and opulent dinners.

What should Young do about this so-called “marketing” expense?

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This exclusive Intouch case was created by Glenn Yonemitsu, MBA ’89, Partner, NEXT Strategic Advisors.

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