

Houston Chapter – SPE

Ethical Relationships Between Consultant and Client

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Presentation outline

- General background on ethics
- SPE Guide of Professional Conduct
- Selected ethics websites
- Ethical responsibilities of clients
- Ethical responsibilities of consultants
- Ethical guidelines for Expert testimony
- Conclusions/Comments/Q&A





Quote from Theodore
Roosevelt:

“.... to educate a person in
mind, and not in morals, is to
educate a menace to
society.”

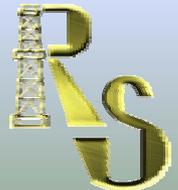


AMAZON.COM

July 30, 2004

Number of books about
“ETHICS”

86,104





Top ten listing of most popular ethics books sold by Amazon.com: (July 04)

- Computer Ethics
- Ethics of Inquiry – Scholarship & learning
- Mexican Etiquette and Ethics
- Issues & Ethics in the Helping Profession
- Leadership, Ethics & Policing
- Ethics for the New Millennium (Dalai Lama)





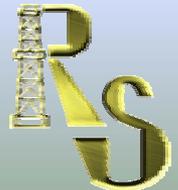
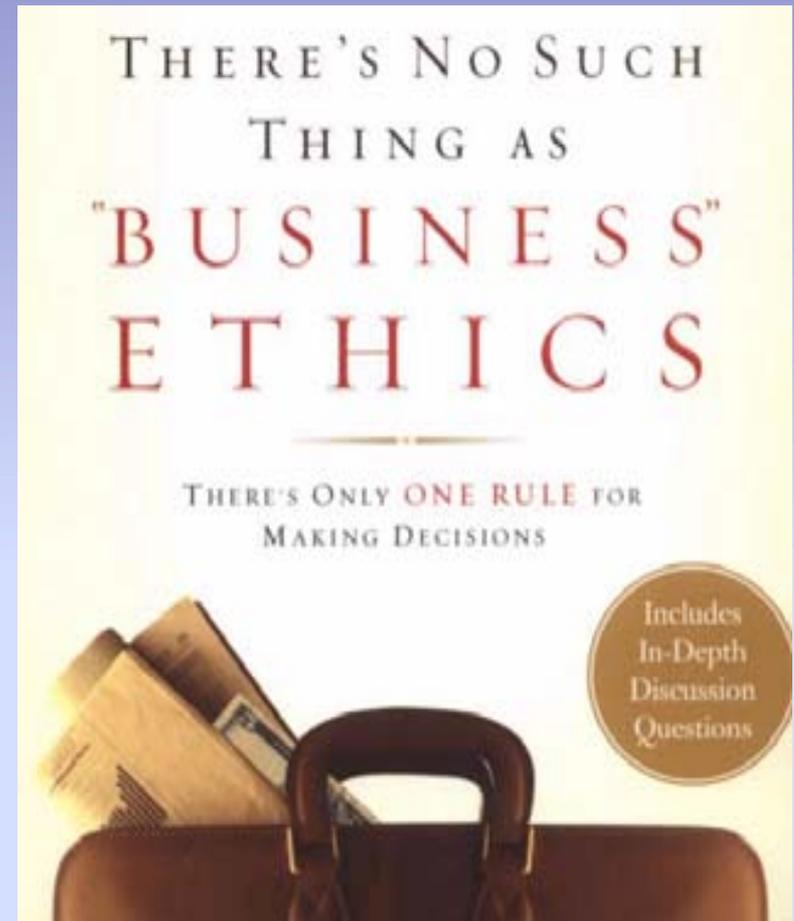
Top ten listing of most popular ethics books sold by Amazon.com: cont'd

- Ethics of Caring (Healing Relationships)
- The Protestant Ethic & Spirit of Capitalism
- There's No Such Thing as Business Ethics*****
- The Ethics of Touch (massage)



“There’s No Such Thing as Business Ethics”

by John C. Maxwell -
Warner Business Books –
2003



Directly from Maxwell's book

Three reasons we make unethical decisions

- We do what's most convenient (easy thing vs the right thing).
- We do what we must to win (ethics limits our options).
- We rationalize our choices with relativism (situation ethics).



Maxwell's primary thesis for his views about "There's No Such Thing as Business Ethics" is:

There is only one rule – THE GOLDEN RULE – that governs all level of ethical behavior and cuts across all cultures. The Golden Rule is repeated in the ancient writings of most religions – Christianity, Islam, Judaism, Buddhism, Hinduism, Zoroastrianism, Confucianism, Bahai and Jainism.

Paraphrased:

"Treat others as you would expect to be treated"



One further thought from Maxwell:

“Ethics is about how we meet the challenge of doing the right thing when that will cost more than we want to pay.”

The two aspects that ethical behavior is predicated upon are:

- The ability to discern right from wrong, good from evil and propriety from impropriety.
- The commitment to do what is right, good and proper.



A 2002 public opinion poll

<u>Type of Leader</u>	<u>Percent who hold the public's complete confidence</u>
Executives of large corporations	3%
Elected government officials	3%
Film and TV producers et al	3%
News reporters and journalists	5%
Small business owners	8%
Ministers, priests, clergy	11%
Teachers	14%
Petroleum engineers	??%

(Source – Barna research online [07/22/02] barna.org)



Ethics, integrity and reservoir engineering “best practices” are inseparable –

It's called professionalism



Professionalism is
“characterized by or
conforming to the
technical and ethical
standards of a
profession.” —
*Webster’s Ninth New
Collegiate Dictionary*

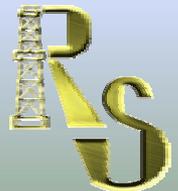


Ethics is “the discipline dealing with what is good and bad with moral duty and obligation.” —
Webster’s Ninth New Collegiate Dictionary



SPE Guide for Professional Conduct (approved 02/25/85) Slide 1 of 2

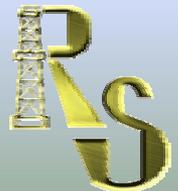
- Offer services in areas of competence with full disclosure of qualifications.
- Understand consequences of work, societal issues and seek to promote societal understanding.
- Be truthful, honest, and fair in presenting information and in making public statements on professional matters.
- Perform as professional without bias related to race, religion, sex, age, national origin or handicap.
- Act on behalf of employers or clients as faithful agents or trustees without disclosure of any proprietary matter without specific consent.



SPE Guide for Professional Conduct

Slide 2 of 2

- Disclose any known or potential conflicts or other circumstances that may have appearances of influence or impairment of performance
- Continuation of activities to enhance professional competence throughout career
- Accept responsibility and acknowledge criticism of performance, offer honest criticism of work of others and do not accept credit for work by others
- Remain aware of consequences of professional performance on health and safety and continue full disclosure as warranted
- Act in accordance with all applicable laws and canons of ethics as stated in any laws and regulations governing the practice of engineering.



Recommended websites for ethics information

- www.spe.org
- www.onlineethics.org
- www.nspe.org
- www.tbpe.state.tx.us



Ethical responsibilities of clients include providing the following

- Complete disclosure and purpose of the engagement.
- Full and timely access to all pertinent data permitting use of supporting non-confidential data obtained by the consultant.
- Full and timely access to all personnel most knowledgeable about subject properties.
- Cooperation in meeting agreed-to project schedule including timely responses to report drafts.
- Warnings of any known or potential conflicts.
- Opportunities to openly discuss differing opinions and interpretations in a forum designed to reach consensus on the most reasonable conclusions and report results.



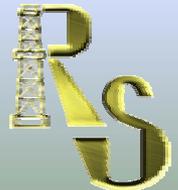
Ethical responsibilities of clients include providing the following (cont'd)

- Openness to obtain additional data when such additional information is material
- Should not use proposal process to drive down price for a “preferred provider”
- Should not solicit proposals for services to obtain “free advice” for a course of action
- Acknowledge the additional cost and time to accommodate a “few last minute properties” or significant new data.
- Timely payment of invoices – The consultant is not your bank!



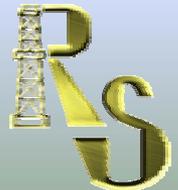
Ethical responsibilities of the consultant

- Never accept an assignment for which he is not fully qualified or has ample time to complete
- Brochures and resumes should not overstate competence of firm or individuals
- Maintain absolute independence from any undue influences from any individual or firm
- Do not accept any material gifts in any form from any client or service provider
- Accept no assignments with outcome-based compensation
- Always keep data and interpretative results strictly confidential even without a formal confidentiality agreement. Client name may be confidential in some cases.
- Ultimate responsibility of the consultant is to the public.



Ethical responsibilities of the consultant (cont'd)

- Know your client; be prepared to decline an assignment if there are unanswered concerns.
- Be prepared to decline an assignment unless ample data and time are provided.
- Always be alert to potential conflicts of interest or the perception of a conflict of interest. May require personal contact with ongoing clients to ascertain or clear conflicts.
- Agree with client in advance about report timing and costs in an attempt to avoid surprises.
- Remain available for communication or additional instruction from client at any time.
- Keep accurate time and expense records.



Ethical responsibilities of the consultant (cont'd)

- Maintain clear, complete work notes and maps in legible and accessible forms.
- Agree in advance with clients about their access to copies of maps and other consultant work product materials.
- Consult with client frequently about preliminary study results so that client may be able to timely alter or possibly cancel assignment.
- Advise the client ASAP about any unexpected time delays or cost overruns.
- Provide professional and support staff ample opportunities for continued education to maintain and expand skills and abilities.
- Remain aware that our ultimate responsibility is to take holders and investors, public and/or private.



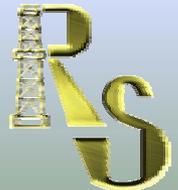
Ethical responsibilities of the consultant (cont'd)

- Consultants should not accept payment from two clients for duplication of the same project without express consent of the parties.
- Consultants should not pay any fees or commissions to secure engagements except through duly authorized agents or representatives.
- Consultants should not recruit employees from a client without consent of the client.
- Consulting firm management must not exploit staff through overwork or not providing access to holiday and vacation entitlements.
- Consultant should fully disclose all assumption and keep the evaluation as transparent as possible.



Ethics in litigation

- Avoid conflicts of interests – Carefully investigate to uncover any clients not listed as named parties in the conflict.
- Never accept a litigation assignment for which you are not fully qualified.
- Never accept a role as an advocate for any party.
- Look upon litigation as an opportunity to complete an engineering assignment and to subsequently explain your work to the judge/jury/arbitrators.
- Understand your role in assisting the court to understand technical issues.



Ethics in litigation (cont'd)

- Be aware of the affect of your role in litigation on business relationships and friendships.
- Never accept a role as an expert unless you are provided ample data and time to prepare your report.
- Do not accept a litigation assignment if you cannot perform effectively in a hostile and confrontational environment.



Conclusions

- Impossible to separate good business and employee practices from ethical behavior.
- Advice to clients: Treat your consultant as you would choose to be treated under a similar circumstance.
- Advice to consultants: Treat your clients as you would expect to be treated under a similar circumstance.



Thanks for listening

Your questions and comments are invited

