

## Behaviors Can Signal Corruption

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### When should interference be referred for investigation?

It is not unusual for executives and board members to suggest preferred vendors. When a contractor they know has a challenging project, leaders may want to help for the good of the organization. What may be well-intended can be perceived by others as interference in established processes. Interference in soliciting, evaluating and awarding bids, managing projects and resolving contract disputes is common in cases of kickbacks and corruption. One government organization requires referral for investigation any time officials or board members provide such input. The officials and board members are now trained not to interfere. The result – interference is no longer a problem.

### Behaviors to look into...

Owner representatives asking for details and explanations about contracts and billings may encounter obstacles within their own organization. It is not unexpected that busy, well-intended professionals resist intrusions that they consider unnecessary. Sometimes these reactions can be clues, for example:

- *An employee agreeing that the contractor doesn't need to provide information*
- *Siding unreasonably with a contractor when the owner questions costs*
- *Trying to discredit those who ask reasonable questions or ask for reasonable detail*
- *Resorting to personal attacks when faced with requests for information or data*

The above don't necessarily mean fraud, but they do correlate with issues related to loyalty, competence and integrity. Project leaders may be too close to the contractor or may have a vested interest in the contractor getting their way, and thus not protect the owner's interests. Such behaviors may indicate serious problems. They are worth looking into even if there is no corruption.

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### Questions for Executives

#### WHEN would you prefer construction problems be identified:

- **Early, before they get too big?**
- **Later?**
- **When they get too big to be ignored?**

#### HOW would you prefer problems be brought to light:

- **The news media?**
- **Law enforcement seizes records?**
- **Regulators?**
- **When we run out of money?**
- **Your own management?**
- **Your own auditors?**

### Further thoughts

*Construction projects are notorious. The complexity of construction along with confusion and miscommunication contribute to the challenge. Problems range from cost overruns to bad construction. If minimal owners incur slightly higher costs, if problems explode costs can become outrageous and the project itself may be in jeopardy. Owner involvement and constant vigilance are required for success.*

*No executive wants problems. For some, not wanting to have problems becomes not wanting to be told, or not wanting to follow up on indicators of problems. Willful blindness has contributed to escalation. Hesitating to respond to indicators of problems has led to charges of incompetence and allegations of executives actually being involved in wrongdoing.*

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