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Nicole Diaz is the Global Head of Integrity & Compliance Legal for Snap Inc., where her responsibilities include promoting ethical business standards and adherence to the Code of Conduct, managing risk in key areas such as anti-bribery and trade law, and leading internal investigations. In this conversation with Stanford professor Tom Byers, Diaz insists that ethics is a strategic imperative for 21st century businesses, and explores how the concept of "enlightened self-interest" can create a framework for better decision-making without requiring a commitment to pure (and unrealistic) altruism.



## Transcript

Narrator Who you are, defines how you built. 00:00:08,050 - I'm delighted that we're finishing up 00:00:12,106 our regular school year with ETL featuring Nicole Diaz. And I wanna get this part right before I talk about a fact that I also call her a friend, but she's something else. She's the Global Head of Integrity and Compliance Legal for Snap. I'm pretty sure you all know or use Snapchat. Her responsibilities there are promoting ethical business standards and adherence to the code of conduct, which is something we're gonna learn about during her remarks. She also manages risk and key areas such as anti-bribery and trade law, and leading internal investigations. She's a Harvard Law School graduate. just too bad she didn't apply to Stanford. (Tom laughing) And an integrity first compliance attorney with over a decade of experience in investigations, both civil and criminal cases.

Wow, I'd love to talk about that as well but I'm not sure we'll have time. Here's something that's very important though. She co-founded the Los Angeles Chapter of the Law and Tech Diversity Collaborative and is a co-chair of Snap Legal's Diversity Group. But it's more, I have the good fortune of getting to know her over the last couple of years, we were introduced to each other via my counterpart at Duke University, John Feld. And we all feel very strongly about, it elevating ethics when it, when it comes to innovation and entrepreneurship. And that's what brought us together. We actually did a number of webinars like this last year, where the audience was academics and industry people. And that was a real joy to co-sponsor those with Duke and University of St. Thomas, and Nicole participated in was just terrific. Because of that I invited her to talk and come and teach with me to sprain and our graduate class on Entrepreneurial Finance and Management.

And that was really a lot of fun where we did a case on Uber and also talked about Snap. All right, well, I'm gonna turn it over to you and let you talk a little bit about yourself as well. I hope I've covered it, but also share your remarks about ethics in a high-tech company like Snap. - Great. Well, thank you so much. 00:02:18,259 And I fully return all of the compliments that you paid to me about what a pleasure it's been to get to know you over the course of the last year or two, and to be able to deepen the conversation between all of the amazing work on ethics that's being done in the academic field with the business sphere. I think we have so much to learn from one another, and I'm really happy to be part of that. So you will learn a little bit about me as we dive in, but why don't we just jump straight in and turn to the topic that I hope we could cover today, which is building an ethical company. I will preface this as Tom mentioned, I am the Global Head of Integrity and Compliance Legal for Snap. And I will be talking about Snap during the content of my talk, but I'm not here as a spokesperson for the company.

All the views that I say are, are my own. So the guiding questions I'd like to have for our talk today are what do we mean by "ethical"? If we're gonna build an ethical company, right? Ethics means the moral principles that guide our decision-making, but which moral principles should we choose and why should businesses be ethical? I mean, they're in business to be profitable, right? Why should we introduce this idea of ethics into the business sphere. There, I'm gonna cover three different frameworks that have different ways to answer these two guiding questions. And then I wanna talk a little bit about Snap. So the first framework is by this guy, Milton Friedman, and he introduced this idea of profit maximization, where he basically said, look, the business of business is to make money for its shareholders. And it needs to focus 100% on that. And ethics is really a constraint on its ability to make profit. And so businesses should really have a minimum view of ethics, right? They should just obey the law. They should comply with the rules and policies, but no more. And you know, if you want to be

ethical, you know, above and beyond the law, go start a charity was essentially Milton's view of the world.

Very popular view, you know, and, and has continued to dominate corporate law, right? Corporate law interprets the fiduciary duty of directors and officers of the company to be primarily to the shareholders and often their interpretation of what that means sets aside any notion that there's a higher order ethics that those officers or directors have to obey. And it dominates the culture of many companies, including Silicon valley. If you look at, you know, Uber kind of always be hustling, stepping on toes, Facebook, move fast and break things. There's echoes of Friedman's thinking in those, you know, values and guidelines. So if you're like me, you might think that there are some problems with Friedman's view of the world. When you set the ethical bar extremely low, and it's just basic compliance with the law. You end up with a lot of ethical gray area that is not yet addressed by the law and not yet addressed by any regulation, or maybe could be interpreted different ways. And you know, if the businesses or people in business are saying, "my job here is just to do the least amount possible," right? And otherwise just aggressively pursue profits. Will you end up with a lot, of unaddressed, negative social impact, you know, on our planet, on our racial inequality, who's responsible for that. The law, the regulators and the law may not be moving fast enough to address all of those issues.

The second issue is Friedman's point of view is it's kind of a drag to work for a company where, you know, the entire culture is geared towards a aggressive competition and has no consideration for any social responsibilities above and beyond that. And we've really seen this, I will say, come to a head with your generation. I've been so impressed with this increasing sense that employees care where they work. A paycheck is not enough, and they really want to know, Hey, if I give you my time, am I gonna feel good about what I'm doing at the end of the day? And you know, employees are asking tougher and tougher questions. I've even learned about something recently, which is employee ethical unions. And they're geared not even towards worker rights because worker rights are pretty good in many tech companies they're geared towards ensuring that companies are taking their ethical obligations to, to all their constituency seriously. So employees have really felt they don't want to be part of Friedman's vision of business. Second framework, so you may, be on board with all this, and you may say, okay, look, Nicole, I really agree with you. I want business to be a positive force in the world. And if I were to start my own company in fact, as I work for a company, I would want it to have a amazing mission statement and positive values, and really, you know, just be a virtuous good company that, you know, you know, can have values of integrity and compassion and caring and helpfulness and, and honesty and honor.

And this is my vision, right? Of what companies should be. They should uphold really high ethical standards. And this all sounds wonderful. And what we've learned is that it's not entirely realistic. There is a new academic field called Applied Ethics with some amazing people, Max Spacerman, Dan Ariely, you know, Tom and John who mentioned are certainly, and all the academics I've been connecting with are certainly well steeped in this. and this field of applied academic says, applied to ethics is we've noticed something. And what we've noticed is that the way that people say that they're gonna act the ethical standards that they say that they uphold are not always what they do in real life. There's a gap. And we wanna study and understand that gap. And what they've recognized is that most people want to think of themselves as good people.

And this is Tom mentioned that have a background in litigation and in white collar law. And I will tell you everyone in that field, you don't have clients coming in through the door and say I did a really bad thing because I'm a bad person, says no one, everyone says, I'm a really good person. You have to understand, but excuse justification, reason why that they fail to uphold those principles in real life. And what the field of applied ethics says is, you know, we are prone. If we, if we still think that there is something to be gained from taking advantage of others, we're gonna do so sooner or later, because all of us want, you know, to self, we still operate through self-interest and self-interest will have us engage in behaviors that, you know, if we think there's something to do, to be gained by taking advantage of others, we will do so. And the way what will happen is we will rationalize and justify that self-interested behavior to ourselves so that we can still maintain this vision of ourselves as good people, even worse. Here's the kicker, the stronger your vision of yourself is as a good person, the more firm, and absolutely certain you are in your own goodness. And in your own moral virtue, the more likely, the more leeway you give yourself to engage in unethical acts, because you are so convinced that you're a good person, you couldn't possibly be a bad person, and you simply do cognitive gymnastics to rationalize and justify these bad acts yourself. I will give you a case example of this, which is Enron, Enron we now know as one of the greatest corporate scandals and failures of all time, but they didn't think of themselves that way. In fact, they had a wonderful mission statement.

They were gonna create solutions for growing economies, a better environment, worldwide. They had wonderful core values of respect, integrity, communication, excellence, that a very long code of conduct. They at the front of their code of conduct, they adhere. They stated that they're gonna adhere to the United Nations declaration of human rights, amazing. And their CEO Jeffrey Skilling later even said, we believe that we were doing the work of God. Okay? So hopefully this point, all of you are going right, because this, you know, if you still have a belief that you can benefit yourself by taking advantage of others by extreme aggressive self-interested and competition, which is sort of the view that Milton Freeman held up in the world, you're just gonna this creates the perfect storm. And that's what happened to Enron. Their culture was one where they were very focused on short-term quarterly profits. At the end of every quarter, you either got a Ferrari or, you know, for the top performers or for the lowest performers you've got fired. So everyone's self-interest was geared toward what can I do to get ahead? That's the way that the, culture was set up.

And they did in fact engage, end up engaging in while not illegal, a questionable accounting vehicle that when applied in

the way that they did resulted in massive fraud to, you know, and ended up bankrupting the company. So again, that, that sort of ethical gray area, if you set the bar very low, can create real issues. And so I'm gonna propose a third framework for, for answering these guiding questions that we set out in the beginning, enlightened self-interest, enlightened self-interest aligns profit and ethics. And this framework says, I understand that the best way for me to have a healthy long-term business is actually not to act out of, you know, short-term, self-interest, it's actually to invest in the longterm health of everyone that my business touches all of my stakeholders. And that's actually in the best. If I do that, that's the way I will make sure that my own self-interest is accounted for. And so this is a wonderful framework because it does two things. Number one, it aligns your self-interest with ethical action and ethical behavior with making sure that you are taking care and considering those with whom you come into contact through the vehicle of your business. So you avoid that sort of perfect storm, the applied ethical issue that we talked about. The second wonderful thing about this framework is that it takes the focus off you, what a wonderful person you are, and it actually directs your focus towards what's my actual impact on others.

You know, how is this working on, on others? And, you know, that's really, again, the way that you can escape that ethical blind spot of really just being so in love with your own image of a virtuous person, getting really honest about the tough questions that you're gonna have to face as you try and have positive impact on your people through business. Not always easy road to really take a look at that, but honest, I will, you know, we're, we, I think we'll address ESG maybe in some followup questions, but I'll say ESG is one of the vehicles that does attempt to align these and does attempt to say, you know, we should really be thinking about profit in terms of ethics. So with all this said, there are some, you know, questions about how do you put this into practice? How do you actually have care for stakeholders drive your business strategy? How do you effectively serve various stakeholders with conflicting needs? And how do you create a culture that empowers ethical awareness and removes ethical blind spots? So I will quickly do a brief case study of Snap. We, as you, as Tom mentioned, are the makers of Snapchat. And I have been so impressed with who we are as a company over the four years that I've worked there. And I recently had the opportunity to draft our code of conduct. And as I was drafting the code of conduct, I really hit home for me that the, the Genesis of our ability to, to consistently weave ethics into our business strategy is very much in line with what I just said. It is not a vision of ourselves as this, you know, virtuous company. It is actually that we strongly believe in the truth of enlightened self-interest one area where this came up is Evan's May, 2020 letter on George Floyd and racial justice, where he said, look, we, as you know, there's severe racial injustice in our country that is tied to income inequality. And as businesses, we so often have benefited from income inequality and turn a blind eye by not paying taxes.

And if we want anything to change, we need to step up and we need to start paying taxes. And then he said, what I thought was really the foundation of this, which is many of you will view that this is a short-term cost to businesses. And he said, maybe in the short term, but they represent longterm investments in the people of our nation. And therefore collectively we will reap tremendous long-term benefits. So that right there is this enlightened self-interest that says, I can't, it makes no sense to view, to have this understanding that I could get ahead by it disadvantages others, right? Because as a business that is deeply involved in the fabric of America, if we continue with this sooner or later, this is gonna crumble and negatively impact all of us. We have to start thinking longterm. We have to start investing in the fabric of our country and then the ecosystem of which we're a part. And if we're willing to do that, then we can have sustainable long-term businesses. So I think it's really that enlightened self-interest that drives the ethical stances that Snap has taken. And in our code of conduct, reflects that view.

So titled the guide to kind business, our global code of conduct, it is arranged around our stakeholder relationships. So again, you can see it really is that mentality of not focusing on ourselves and what wonderful people we are, but really thinking about who are the stakeholders and what impact do we have on them, through our actions and behaviors. So our stakeholders are one another, our team members, our community, our online community, our business partners, our investors in the broader world and the communities in which we operate. And we, in order to serve those stakeholders effectively in order to have positive impact, we think in terms of one of our key guiding values, which is being kind, being kind means acting ways that instill trust. So you can see that's an ethical standard that goes above and beyond what the law requires. Trust is a relational concept that says, how am I impacting this person with whom I have contact. Second quality, empathy. I know that you had a wonderful speaker last session on the key role that empathy needs to play in business, particularly in the tech sector, I could not agree more. It is one of our key guiding values and how we think about our relationships with our stakeholders. Empathy is our super power because it allows us to place ourselves in our stakeholders shoes and think about the impact of our decisions on real human people, as part of our decision-making process.

And then the third quality is courage because ethics is not easy as I said, it really is about being this, this element of honesty and honesty means facing tough truths and difficult questions in the world of applied ethics, in the world of really living your principles. There's not always one nice, neat answer. But if you were asking the right questions, I believe you will overall have generate an ethical company culture. So that if I had to have two key takeaways, number one, align your ethics with your long-term self-interest and number two, create a culture that enables you to think about those stakeholders by framing success in terms of relationships, not economic transactions. All right. Well, thank you so much. And I look forward to now turning to the Q and A portion of our class. - Wow. Thank you. Thank you, Nicole.

00:20:40,930 And I'm gonna just go replay that again for my whole team at Stanford next week together. Because there's a lot to digest in what you had to say, I mean, what's interesting is it's elegant concepts, but the, and maybe this is the case of it every time we try to wait into the pool of ethics and values and principles, because they're also very personal. I mean, it's easy

to get sort of overwhelmed by it because you know, this goes back to Aristotle, frankly, so we're not coming up. And one thing I like about working with you is we don't try to come off as ethicists. We're not philosophers. I mean, John Feld was the fellow introduced us and he turned a business professor, but in the case of me, it, I am, you know, I'm in a way I pride myself on being a humanist and I know you do as well. So it's just really interesting though, to counter what has been the, sadness that we've witnessed with the tech industry being, going so far, a field by the way, bad behavior in the tech industry has happened for decades that you, you brought up in Enron, which was 20 years ago, because that was year 2000. There was movies made about it, Reitman, "Smartest Guys in the Room," a great movie. And that sort of thing, 20 years before that, way at the beginning of personal computers, there was a lot of disk drive manufacturers. And one of them went, one of the leaders went crazy.

He started shipping bricks instead of disc drives in order to pump their numbers up. That's a really famous case. It's called Miniscribe and it brought down Investment Bank. So there's been bad behavior forever, but it, why is it that the tech industry is just now say in the last few years, waking up to this and do you see, why are you optimistic about it? - Yeah, so the tech industry is interesting. 00:22:40,728 I almost feel that in the beginning there was, we had the sort of applied ethics, perfect storm that it was talking about, where there was such a conviction, that tech we're the good guys, we're the good people, right? Tech is here to make the world better. We have a wonderful mission. We have an amazing product because of that. We don't have to worry about ethics. We can just move really fast, disrupt and then fix it later. And I really think that there is a growing recognition that approach is not realistic, it's not sustainable.

And it actually has the possibility of creating massive harm at scale. And we need to wake up and become ethical thinkers very quickly. And I've been through your community been in touch with amazing people who are doing that work at all, varying stages, you know, the tech industry and thinking about what is ethics really mean in terms of business culture? How do we embed ethics into the product innovation cycle? How do we really embrace ethics in terms of our diversity, equity, inclusion approach? So I think there's, there's a real shift that you can't just think about yourselves as good people and with a good product and expect that's gonna get you to where you need to go. - Well, let's dive in a little deeper 00:24:05,119 on that in some of the things you brought up. So ESG is getting a lot of attention, reminds me when the, what was it, corporate and social responsibility was a term CSR. There were, there were, there was the vice-president of CSR, and now there's all these vice presidents of ESG. Can you explain a little bit more behind that and what that has to do with what you were talking about? - Sure. I think that there's promise and danger to ESG. 00:24:41,330 I think the promise is it is a rigorous system for helping companies become aware of their social and environmental impact, which is great. It is occupying the field.

You know how I said, it can take a while for the law and the regulators catch up. So this is sort of the, the voluntary stop gap saying we need some way to hold businesses accountable and we can't wait for the law to do it. So we're gonna create a reporting structure where businesses have to go through and really, you know, conduct an analysis of their impact on all their different stakeholders. And I think it helps generate awareness. It helps generate accountability. I think that there's leverage there and it is creating a sense of businesses. Hey, this hit your bottom line, which as I said, you, you need to have at some level for businesses to take ethics seriously as part of their strategy and, and not sort of, you know, engage in unethical acts as a way to get ahead. I think the, the downfall in the, danger of ESG is if it simply is still treated as a separate add on to the business, like, oh, right, there's a reporting structure called ESG. And every year we gather up all the good things we did and we make it look really nice. And then we tell that to the investment community, but our primary business strategy and the primary way we think about things is still very much the Milton Friedman approach.

Right? And so I think if you have that disconnect, it still kind of, there's the term Fort greenwashing. - Yeah. 00:26:25,210 - that perpetuates kind of, 00:26:28,820 well, they don't really take this seriously. And so I think, you know, there's there, if businesses, if ESG is done as a, in a really integrated way where it really drives business strategy is integrated with the way the business is already thinking that I think it's great. - Yeah. Well, I can just imagine 00:26:45,097 that the agendas at those board meetings ESG would be part of the audit committee report. So it's very much like let's, let's look at the financials and ESG and the other stuff, the OSHA stuff, if they happen to be doing stuff in physical products about, you know, safety at the office and that's that report now fine. we got that out of the way. Let's talk strategy now. - Exactly. 00:27:10,910 - Let's talk about our, you know, 00:27:14,300 how we're dealing with innovator's dilemma and all the exciting stuff about our, our technology roadmap and that.

And so it's just bifurcated and that is a danger. Well, let's also talk about the connection to DEI. You brought that up as well. And by the way, by, you know, being a very visible Hispanic lawyer, who's doing amazing work with, and if you don't mind, would you talk a little bit about, is it ponder 25 that I learned about that you are part of, - PODER25, yes. 00:27:45,234 - So I know this is really personal to you, 00:27:48,640 but more importantly, how does this have to do with ethics? What, what is the, what's the connection? - Yes. Thank you. 00:27:55,887 Yeah. And for everyone listening well, PODER25 is a cohort of the Hispanic National Bar Association. So it's been an amazing professional community of, you know, top end, LatinX lawyers, all giving ourselves a mutual support, and advancing ourselves together as a community. So shout out to PODER25.

(Nicole laughing) Yeah. Diversity, equity, inclusion work has been really fundamental to my professional journey. I did it first because I'm half Mexican, half Jewish. you know, all of my dad's family is still in Mexico. I had like this split mentality growing up, you know, my whole life where it was like one foot in Mexico, one for the United States. And so I needed a way to make sense of my own world and who I was. And so that was really my journey. And the reason I got into, you know, diversity,

equity, inclusion work, you know, affiliate Latino affiliate groups, but as I've been more and more involved in those professional communities, I've realized it actually deeply informed my own ethical thinking. I really view it as, you know, very strong, ethical set of teachings that we can all learn from, and that are relevant to all of us in expanding our own personal awareness. You know, DEI really is, you know, one thing you'll hear about that in, in DEIS fairs, it's not about being nice.

You can be a nice, wonderful person and still be very racist. If you think that, that, that is what you know, this is about, then you're gonna fall into that applied ethical trap that I talked about. Diversity, equity, inclusion work is about doing the hard work of looking at your impact and taking responsibility for how you were affecting others. And there may be, you know, it's actually a very humbling experience because you can realize, oh my God, I have all these areas of privilege. I was totally unaware of. And if you were, you know, but if you, if you understand, I need to do this work, you know, to, you know, in order to be the person I wanna be in this world or in my case, because, you know, I needed to do it because of who I, you know, my ethnic background. And then I started to realize the value of it. I think, you know, you, you start to recognize you, you become committed to, and start to recognize that it's gonna be to your longterm benefit to do that. - Wow. I'm just picturing, 00:30:33,253 I can't wait to the autumn when we're back in a person, but looking around that live studio audience, that we usually have a 300 Stanford students, a few guests, but they come from all the different majors and schools at Stanford, and they have all kinds of background and something like that. Sometimes I can see somebody's face, light up, you know, somebody who's watching you going, wow, I'm gonna be like, not like Mike.

I wanna be like Nicole. (both laughing) So I'm just picturing that you're on Zoom, glad is being powerful. - I will say one more thing about diversity, equity, 00:31:13,431 inclusion work, which I've noticed that any, you know, one way to give another example of everything I just talked about is if a business is doing, you know, diversity, equity, inclusion work, and these days, every business realizes that they have to, to some degree, but if they're still doing it because they like to think of themselves as nice business, and it's like a charity to someone else that doesn't really matter to their bottom line there, it's still gonna, you know, be a nice to have that maybe they don't do consistently, right. They become sort of window dressing type of thing. And I think it really is like, it's a very clear example of enlightened self-interest like, if you actually get that, none of us are gonna be the most healthy, successful version of ourselves as people, as teams, as communities, as businesses, until, you know, everyone feels fully included, empowered and has equity. You know, that's when you hit that place of enlightened self-interest oh, this isn't about charity for someone else. This is because we are fundamentally interconnected. And for any of us to experience long-term health, we have to invest in everyone, you know, having equal, equal opportunity and equity upfront. - Well, all of us, all 30 instructors, 00:32:36,430 both full-time and part-time as well as the professional staff who are making this seminar series happen at STVP, feel that same way. And my own thinking was influenced by Evan, your CEO.

When he did that piece a year ago, you meant we are doing this the week, the day after the first anniversary of George Floyd's murder. And Evan wrote that piece like shortly thereafter, I don't think he went and asked the board for permission. He didn't think about what kind of PR thing this was gonna be, he just did it. And I encourage everybody to go read it in that context. And I think I'm an imagine. And just hearing you chat about this over the last year in our various gatherings, that it's been more about action, not just words. And it's a great example. And again, we define entrepreneurship innovation really broadly now. Now we believe we should be talking about the matters that you've been bringing up and our speakers all year did do that. Maëlle was one of them.

It was three weeks ago that Toby, one of the other instructors interviewed her. She's the CEO of Techstars with this book, "Trampled by Unicorns." And I love the tagline as many of the folks watching this, remember big techs, empathy, problem, and how to fix it. Why is it okay, and I'm thinking of all the students, I'm imagining that 300 students in room. Why is it okay to embrace? Wow. You mean, business can be kind and empathetic. I mean, the tech business can. why, why is that okay? I would like to talk more about that and just get your philosophy on that. - Yeah. I mean, so I think again, you know, 00:34:24,041 we have to recognize all of us can have a tendency towards that self-interest right. Like when that's kind of the benefit of like the, all that research, which is, we all think we're better people.

We were all like to think of ourselves as good, wonderful people. And so when you asked me that question, why can't businesses be more kind and empathetic? You know, I'm very careful to not set up a situation where it's them and us, right? We're the good kind, empathetic people over here and look at everyone else being so ruthless. That's all of us, we're all like that. And I, and I think kindness and empathy takes root. When you realize it's a practical tool to live a better life, to run a better company, you know, and, and that is, there's one thing we do at Snap. It's called counsel. And you, you know, it is it's, in some ways, it's sort of like the poster child for choosing empathy You know, you walk into a room and it's like a circle of people sitting around, you have, you have a object talking sticks or object that you have to hold in order to speak. And you're supposed to listen and speak from the heart in order to connect more fully with the people around you. This can make people who are not used to engaging those sorts of behaviors very uncomfortable. And they start to feel like, is this, this touchy, feely, fuzzy, warm, empathetic stuff that you're trying to make me do? And, you know, that's, what's fascinating about how we practice at Snap is it's, it's really, you start to realize, oh, this isn't like something that we're doing just to feel good about ourselves.

This is actually a tool that we have as a company to help us practice skills that will make us be better people, a better business. And, you know, the practice of empathy is like, anything else it's like, you know, going jogging, because you wanna

have health. It's, you know, meditating because you want to develop attention. You know, empathy is something that enriches our lives allows us to make better decisions and that we can have, you know, ways to access it tools to access it that I think we can bring into the workplace. - Okay. One more quick question. 00:36:45,140 And then I'm gonna go to what students have been submitting. I'm seeing the time just fly by what does this have to do with startups, or if say you and I joined a young company, five employees, maybe 20, you know, in its first year or two, still searching for product market fit, though we've raised some high quality venture money. And because our idea is venture scale. So what can they do at that point? - Great question.

00:37:09,378 - Or what could we do? 00:37:14,222 - Yes. There are actually a lot of people focusing 00:37:16,930 on exactly that question. They are in venture capital. You know, they are in, you know, think tanks. And they're looking at the question of how do we embed ethics and ethical thinking into startups from the very beginning. And the reason that venture capitalists are interested in this is because they recognize, you can't wait until you're later and you're bigger to address these questions. You have to be thinking about it from the beginning. It is a question of strategy. It should be a driver for your growth, not a constraint that you have to worry about later. And so if it's a question of strategy from the very beginning, you need to be thinking about, well, my, what are the ethics of my product, right? How do I create a culture and a leadership style that creates awareness of impact on others? How am I serving all of my stakeholders? Those are questions that you should be asking and answering from the beginning.

- Well, alright then let's switch, 00:38:19,350 switch to student. I don't know if, can you see the Q and A as well? I'm not sure otherwise I'll read it. I see the, this one, I liked this one, with Snap aggressively investing in AR augmented reality I assume. What are some of the ethical considerations that you had to take into account developing that technology? Not sure if you know, but that'd be great if you had a story or two. - Yes. Well, actually, 00:38:43,924 there's a great story that recently arose, which is there is an engineer Bernard, who is part of our, you know, Snap team. And as we're developing, you know, a lot of our AR is connected to the camera because we believe ourselves to be a camera company. And so Bernard said, well, the camera that we're, we're basing all this off of actually doesn't work for people with darker skin tones. And so there's actually an ethical issue at the heart of our product that we should address. And what I love is he was empowered and supported to ask those difficult questions.

And, and when he asked them, he, you know, we now have it. We recently announced a major campaign around the made for me camera, which again, which I love is, you know, we are creating the world's first inclusive camera. We don't view that ethical, you know, goal as a constraint on our business. Like, oh, no, we have to comply with regulation, blah, blah, blah. In order to, you know, no one's forcing us to do this. This is actually, we see this as an opportunity to serve our stakeholders better, to power our innovation and, you know, and those sorts of that ethical awareness, I love that it wasn't a top-down initiative, you know, that it came from the bottom up, because again, like we're not as a company, as businesses, we're not always gonna get it exactly right. And this isn't, ethics isn't about being perfect. It's about being honest, you know? And then when you are, when you create an atmosphere of honesty and trust, you will find, you have people working for, you have amazing things to add to what you're doing. - Terrific. I let's, let's see if we can get 00:40:34,033 a little edgy here.

What about this one? I was wondering if you'd speak on to an ethical dilemma situation you faced at Snap and how you handled it. One that won't upset your investment. - Yes. Yeah. Well, I'll take one. You know, 00:40:53,691 that had to do with an interpersonal situation where I really believe that that ethics and raising concerns and addressing tough questions requires this is not stuff that comes naturally to anyone. It really believe it is skill. And it's actually primarily skills around emotional intelligence that people on both sides of the table need to learn. You need to learn how to speak in an emotionally intelligent way, and you need to learn how to receive feedback. And when people on both sides of the table are doing that effectively, you can raise ethical concerns and have them make your team better.

And so my personal story would be a time when I, that with my boss, who is a close friend of mine, but there was an issue where I really felt that he was unaware of the impact that he had on me. And I won't get into specifics of the situation, but I will say I was stuck in a situation where I was, you know, really it was getting to me. And so I wrote out exactly what I wanted to say and was able to really able to say, this is my story of what happened. And I want you to understand the impact. And this does not mean that I don't think you were a good person. This doesn't mean that I don't think that you care or anything of that. This is just about wanting to communicate what my experience was to you. And I trust that my experience will actually probably be radically different than yours. And, and he was able to receive that. So my lesson from that was when we're shifting from this idea of ethics as we'll I'm a good, nice person so I would never do that.

Like, we actually need real skill to change the conversations that we have to make it not be about that. And to be able to hear and receive conversations around impact. - Yeah. Well, thanks for that. from a personal story. 00:42:54,502 Let's pop up to some policy here, though. It's the top question here up Voted, why not outsource ethical requirements to legislatures, to enforce against businesses? Wouldn't this allow business, businesses to focus on carrying out their ethical duty of loyalty, that being, ensuring that that'd be sharing profit maximization for shareholders while still encouraging businesses to do their operations in a manner that complies with the ethical laws in place implemented by the government. - Yes. It's a great question. 00:43:26,927 And Milton Friedman would heartily agree with you and applaud you for asking that question.

So, you know, maybe in a different world, that system would function perfectly. I think that the downfalls of it in our

current world are, you know, the legislature doesn't necessarily move at the pace that, of, you know, ethical issues. So, you know, are we moving fast enough in the planet? Are we moving fast enough on racial justice issues? Maybe not. And so maybe to avoid the, you know, the fall out, some of this businesses need to step up. I would also add that there is a certain degree to which that question still, I think, creates that disconnect between, well, the pursuit of profit is sort of, we should just be kind of able to do that. And the ethics is something separate that should be imposed on us from the outside by legislatures. And I really do think that there is such an opportunity for businesses to adopt that model of enlightened self-interest. And to say, business is ethics, ethics is business. This is how we generate profits. It's not an outside constraint on us.

I will quickly drop a shout out for Conscious Capitalism is one of the organizations that is putting on such amazing content out there. I recently listened to one from an economist who had created a think tank within the Mars Company and his thinking on how to truly integrate stakeholder impact into business strategy was absolutely next level. So if anyone wants to get an even deeper understanding of how this stuff works in practice, check out one of their latest offerings by that, by the economist, from Mars Company. - This debate is gonna keep on going. It's just, why is it, 00:45:26,206 why are we even talking about it in a seminar series about entrepreneurship and technology? It is because big tech, digital tech over the last 10 years is created well, let's just, I don't know. Let's take this metric five out of the six, most valuable companies in the world are on in digital tech, which has had a very light touch with regulation compared to say, pharma and biotech or nuclear, energy, and power. I mean, it's just, it's gonna happen. It's gonna continue. And it's really, wild. Here we are in school engineering talking about this, when this is a political science issue, this is an economics issue.

This is a law issue. And wow. I never thought I would be doing that 25 years ago when I joined to be an you know an entrepreneurship professor, but there's no, there's no way to run. If we're gonna be talking about responsible tech and innovation because of what what's being made and what's coming, I mean, pick your pick, pick your technology at this point, there a half a dozen of them that could have a really what we all hope it's gonna have great impact, but do we really wanna repeat it the last 10 years of what we've seen? And we know what we're talking about, and look, I wanna end on just something a little differently here, and that's about you. Let's just finish up on you. What would you, we love doing this. And since this is the last ETL of the regular school year, what would you tell yourself if you were sitting in that audience when you were 20, when you were 21, what would you tell yourself about these topics? You know, that you think you should know at that time? - Yeah, it was interesting. 00:47:10,002 I specifically think I went to law school because I cared about justice, I cared about getting things, right. And I felt that the law was the field to do that in not business. And I would tell myself, you can do that in business too.

And you can create impact. Don't be scared off, you know? And, and I say that also, particularly to women and to people from underrepresented groups who might think, oh yeah, business isn't really, for me, that was part of the voices going through my head. You know, I thought I could have a positive impact on the world, through the vehicle, the lie. And I think we need people from all different types of people, you know, diverse set of voices going into business from the inside and say, no, this is the sphere where we can be humans. This is not just the field of rational, naked, economic interest and profit motive. I can truly marry the vehicle of business and, you know, the profit, you know, mechanics with everything I care about in the world, business can be about being human. (melodic music)..