

**A HIGHER LEVEL of  
management consulting**



**Un NIVEAU SUPÉRIEUR  
de conseil en management**

## **CODE OF PROFESSIONAL CONDUCT STATEMENTS OF INTERPRETATION**

At its October 1994 meeting, the Board of Directors of ICMCC formally approved these Statements of Interpretation for ratification and adoption by every Affiliate Institute. Further amendments were approved by the Board in October 1996.

The Statements of Interpretation furnish guidelines to help Members of CMC-Canada in general and CMCs in particular understand the requirements of the Code. The Statements elaborate on, and are more specific than, the related Section of the Code. They should assist Members in determining how to apply the Code to particular circumstances - and so to act knowledgeably in compliance with it.

With the passage of time, the evolution of professional thought and the gaining of experience with the Code will produce a need for added or modified Interpretations.

## **1.0 RESPONSIBILITIES TO THE PUBLIC**

### **1.01 LEGAL**

**A member shall act in accordance with the applicable legislation and laws.**

#### STATEMENTS OF INTERPRETATION

1.01.1 Members are bound by all legislation and laws that govern their professional, other business activities and personal affairs. Applicable legislation and laws include those from the following jurisdictions:

- Federal;
- Provincial (including legislation pertaining to the use of the Certified Management Consultant (CMC) designation);
- Local or regional; and
- Countries other than Canada.

1.01.2 Members shall be aware of, and comply with, applicable legislation and laws at all times.

1.01.3 Members shall not cause any person or persons to contravene applicable legislation or laws at any time.

1.01.4 Members shall not serve or act on behalf of any person or persons who cause(s) or will cause them to contravene applicable legislation or laws at any time.

## **1.0 RESPONSIBILITIES TO THE PUBLIC**

### **1.02 REPRESENTATION**

**A member shall make representations on behalf of provincial, regional or national Institute members only when authorized.**

#### STATEMENTS OF INTERPRETATION

1.02.1 Members shall not make public statements on behalf of the Institute's members unless authorized to do so.

1.02.2 Members asked by another person or party to make a representation on behalf of provincial, regional or national Institute members shall, as appropriate, either:

- Refer the request to a designated spokesperson(s) of the Institute; or
- Ask the Institute for authorization.

1.02.3 Members who wish to speak on behalf of the Institute's members shall secure the proper authorization before doing so.

## **1.0 RESPONSIBILITIES TO THE PUBLIC**

### **1.03 PUBLIC PROTECTION**

**A member shall be liable for suspension or expulsion from membership where that member has behaved in a manner unbecoming to the profession, as judged by the Institute.**

#### STATEMENTS OF INTERPRETATION

1.03.1 Given the public's right to confidence in members (individually and collectively), any actions that mitigate such trust will be considered unbecoming, including:

- Violation of any applicable legislation or laws;
- Breach of the Code of Professional Conduct; and
- Actions inside or outside of the context of consulting that may be, or may be perceived to be, detrimental to the profession.

1.03.2 Members shall ensure that their behaviour does not threaten their responsibility to the public interest, in perception or reality.

1.03.3 In the interest of public protection, members who are found to have acted in any manner unbecoming the profession shall be liable for suspension or expulsion from membership.

## **2.0 RESPONSIBILITIES TO THE PROFESSION**

### **2.01 KNOWLEDGE**

**A member shall keep informed of the applicable Code of Professional Conduct and the profession's Common Body of Knowledge.**

**A member shall strive to keep abreast of developments in any area of the profession where specific expertise is claimed.**

### STATEMENTS OF INTERPRETATION

- 2.01.1 Members shall maintain their knowledge and understanding of the Code of Professional Conduct and the Common Body of Knowledge, including any amendments or updates.
- 2.01.2 Members shall develop their skills and knowledge beyond the fundamentals described in the Common Body of Knowledge, particularly in their area(s) of preferred practice, to a level that is consistent with the needs of their clients and comparable to the services provided by other consultants in the same field.

## **2.0 RESPONSIBILITIES TO THE PROFESSION**

### **2.02 SELF DISCIPLINE**

**A member shall recognize that the self-disciplinary nature of the profession is a privilege and that the member has a responsibility to merit retention of this privilege. Therefore, a member shall report to the Institute unbecoming professional conduct by another member.**

### STATEMENTS OF INTERPRETATION

2.02.1 Members shall strive to discipline themselves to maintain the high standards of professional and ethical practice reflected in the Code of Professional Conduct.

2.02.2 Given that members have the right to trust that other members will conduct themselves appropriately, any actions which mitigate that trust will be considered unbecoming to the profession, including:

- Violation of any applicable legislation and laws;
- Breach of the Code of Professional conduct; and
- Actions inside or outside of the context of consulting that may be, or may be perceived to be, detrimental to the profession.

2.02.3 Members who behave in a manner unbecoming to the profession are subject to being reported to the Institute by other members.

2.02.4 In the interest of all members, members shall report to the Institute, and/or encourage those clients or members of the public affected to so report, the behaviour of any member they perceive to be seriously and/or persistently unbecoming to the profession.

## **2.0 RESPONSIBILITIES TO THE PROFESSION**

### **2.03 RESPONSIBILITIES FOR OTHERS**

**A member shall ensure that other management consultants carrying out work on the member's behalf are conversant with, and abide by the applicable Code of Professional Conduct.**

#### STATEMENTS OF INTERPRETATION

- 2.03.1 In addition to being responsible for their own advice and actions, members shall ensure that any and all management consultants who work under their leadership on consulting assignments, be those consultants members or not, understand and comply with the Code of Professional Conduct.
- 2.03.2 Such management consultants include the member's peers, employees and/or subcontracted associates.
- 2.03.3 Members shall be responsible for any breach of the Code of Professional conduct reported to the Institute with respect to any member of his or her consulting team and will be liable to the same actions and consequences that would apply if the member alone failed to comply with the Code of Professional Conduct.

## **2.0 RESPONSIBILITIES TO THE PROFESSION**

### **2.04 IMAGE**

**A member shall behave in a manner which maintains the good reputation of the profession and its ability to serve the public interest.**

**A member shall avoid activities which adversely affect the quality of that member's professional advice.**

**A member may not carry on business which clearly detracts from the member's professional status.**

### STATEMENTS OF INTERPRETATION

- 2.04.1 Members shall ensure that their behaviour is consistent with and reinforces a positive public image of the profession.
- 2.04.2 Members shall ensure that their behaviour does not threaten their responsibility to the public interest, in perception or reality.
- 2.04.3 Members shall ensure that their activities will not conflict or be seen to conflict with their integrity, objectivity or independence.
- 2.04.4 Members shall ensure that their physical and emotional state is consistent with the requirements of client work, particularly when developing or providing professional advice.
- 2.04.5 Members shall ensure that all their business affairs are above reproach. That is, their business affairs as consultants and otherwise shall comply with all applicable legislation and laws as well as the Code of Professional Conduct. Additionally, members' business affairs shall not be, or be perceived to be, detrimental to the profession.

### **3.01 REVIEW OF A MEMBER'S WORK**

**A member who has been requested to review critically the work of another member shall inform that member before undertaking the work.**

#### STATEMENTS OF INTERPRETATION

- 3.01.1 A member's work shall be deemed to be under critical review if a client, or the client's representative or advisor, asks another member to review and comment on any of the member's written reports, memoranda or working files.
- 3.01.2 Members shall not accept a request to conduct a review where they have a conflict of interest.
- 3.01.3 Members shall inform other members in writing whose work they have been asked to review.
- 3.01.4 The results of such a review shall be communicated with the member unless such discussion would be deemed to jeopardize client confidentiality.
- 3.01.5 At the request of the Discipline Committee, the Institute may request one member to review the work of another. In such cases, the Discipline Committee will establish terms of reference for the review.

## **4.0 RESPONSIBILITIES TO THE CLIENT**

### **4.01 DUE CARE**

**A member shall act in the best interests of the client, providing professional services with integrity, objectivity and independence.**

**A member shall not encourage unrealistic client expectations.**

### STATEMENTS OF INTERPRETATION

- 4.01.1 Members shall recognize the interests of the client organization, overall, as paramount in every assignment.
- 4.01.2 Members shall not promote services, accept engagements, conduct work or provide advice to clients that is in any way to the member's advantage or potential advantage while to the client's (or the public's) disadvantage or potential disadvantage.
- 4.01.3 Members shall not accept or conduct work that is in the interest of any individual or group within the client organization (e.g., specific managers, staff departments) if the work would, in any way, be detrimental or not serve the best interests of the overall organization.
- 4.01.4 Members shall not accept or conduct work that is in the interest of any individual or group external to the client organization (e.g., suppliers, special interest groups) if the work would, in any way, be detrimental or not serve the best interests of the overall organization.
- 4.01.5 Members shall always provide objective and independent advice. Members must not allow their objectivity and independence to be influenced by any individual or group either within or external to the client organization.
- 4.01.6 Members shall not guarantee specific quantitative results which are beyond their direct control (e.g., a 20% reduction in overhead expense, a 15% increase in profitability etc.).

4.01.7 Members shall respond to client requests for quantification of intended benefits or results, or for risk-sharing approaches where the total fees for the member will be related to the benefits or results realized by specifying as a minimum:

- The client's responsibilities related to the intended benefits or results;
- Identifying the risks and assumptions associated with realizing the intended benefits or results;
- Identifying the measures to be used; and,
- Clearly communicating these elements to the client.

## **4.0 RESPONSIBILITIES TO THE CLIENT**

### **4.02 BUSINESS DEVELOPMENT**

A member shall not adopt any method of obtaining business which detracts from the professional image of the Institute or its members.

#### STATEMENTS OF INTERPRETATION

4.02.1 Members shall not criticize other members, either directly or indirectly, in an attempt to secure business or in any other aspect of their professional work.

4.02.2 Members shall not participate in misleading advertising, pressure tactics, or other unprofessional methods of obtaining business.

4.02.3 Members shall respond to client requests for quantification of intended benefits or results, or for risk-sharing approaches where the total fees for the member will be related to the benefits or results realized by specifying as a minimum:

- The client's responsibilities related to the intended benefits or results;
- Identifying the risks and assumptions associated with realizing the intended benefits or results;
- Identifying the measures to be used; and,
- Clearly communicating these elements to the client.

## **4.0 RESPONSIBILITIES TO THE CLIENT**

### **4.03 COMPETENCE**

A member shall accept only those assignments which the member has the knowledge and skills to perform.

### STATEMENTS OF INTERPRETATION

4.03.1 Members shall not present themselves as qualified to conduct an assignment without having both the relevant education and practical experience to do so.

4.03.2 Members shall not undertake assignments for which they do not have relevant qualifications (education and experience) even if a client, aware of this limitation, specifically request that they do so.

4.03.3 Members shall specify in writing their relevant qualifications and those of any and all other management consultants proposed for engagement.

Members shall describe how their qualifications will be applied in the engagement as well as how those of each member of the consulting team will be applied.

Members shall also describe their role in the engagement and the role(s) of each member of the consulting team.

## **4.0 RESPONSIBILITIES TO THE CLIENT**

### **4.04 INFORMED CLIENT**

A member shall, before accepting an assignment, reach a mutual understanding with the client as to the assignment objectives, scope, workplan, and costs.

### STATEMENTS OF INTERPRETATION

- 4.04.1 Members shall confirm in writing the terms of reference for an assignment.
- 4.04.2 Written terms of reference shall confirm:
- Assignment objectives;
  - Steps, milestones and deliverables in the proposed work plan;
  - Timeline of steps, milestones, deliverables and completion date;
  - Names, relevant qualifications and role of each consultant proposed;
  - Fees (usually broken down by major step in the work plan); and,
  - Billing arrangements including how all expenses, disbursements and applicable taxes will be handled.
- 4.04.3 Members shall not begin an assignment until the written terms of reference have been accepted by the client.
- 4.04.4 Members shall take particular care with client requests for quantification of intended benefits or results, or for risk-sharing approaches where the total fees for the member will be related to the benefits or results realized by specifying as a minimum:
- The client's responsibilities related to the intended benefits or results;
  - Identifying the risks and assumptions associated with realizing the intended benefits or results;
  - Identifying the measures to be used; and,
  - Clearly communicating these elements to the client.

## **4.0 RESPONSIBILITIES TO THE CLIENT**

### **4.05 FEE ARRANGEMENTS**

A member shall establish fee arrangements with a client in advance of any substantive work and shall inform all relevant parties when such arrangements may impair or may be seen to impair the objectivity or independence of the member.

A member shall not enter into fee arrangements which have the potential to compromise the member's integrity or the quality of services rendered.

### STATEMENTS OF INTERPRETATION

- 4.05.1 Members shall confirm in writing the budget and billing arrangements related to professional fees, expenses, disbursements and applicable taxes.
- 4.05.2 Particular care should be taken with client requests for quantification of intended benefits or results, or for risk-sharing approaches where the total fees for the member will be related to the benefits or results realized by specifying as a minimum:
- The client's responsibilities related to the intended benefits or results;
  - Identifying the risks and assumptions associated with realizing the intended benefits or results;
  - Identifying the measures to be used; and
  - Clearly communicating these elements to the client.
- 4.05.3 Should the terms of reference change during the course of the assignment, members shall ensure that any corresponding impact on fees, expenses, disbursements, taxes or billing arrangements are communicated to the client and agreed to in writing.
- 4.05.4 Members shall not permit, for budget or time management purposes, a reduction in consulting time or in senior consulting involvement in an assignment if, as a result, the quality of service will be below that described in the terms of reference.
- 4.05.5 Members shall not undertake assignments of a scale or magnitude where the proposed fee arrangements are such that they represent a substantial business risk for the client.

## **4.0 RESPONSIBILITIES TO THE CLIENT**

### **4.06 CONFLICT**

A member shall avoid acting simultaneously for two or more clients in potentially conflicting situations without informing all parties in advance and securing their agreement to the arrangement.

A member shall inform a client of any interest which may impair or may be seen to impair professional judgment.

A member shall not take advantage of a client relationship by encouraging, unless by way of advertisement, an employee of that client to consider alternate employment without prior discussion with the client.

### STATEMENTS OF INTERPRETATION

- 4.06.1 Members shall not accept assignments with their clients' competitors or with other organizations with interests that compete with their clients', without the permission of all the organizations involved.
- 4.06.2 Members shall disclose to a client (or prospective client) any personal, professional or other business interests that may jeopardize the client's confidence in their integrity or objectivity or their capacity to provide independence.
- 4.06.3 Members shall follow the instructions of a client, within applicable legislation, laws and the Code of Professional Conduct, with regard to the client's interests; otherwise, members shall withdraw from the assignment.
- 4.06.4 Members shall not recruit to their own firm, or refer to other firms, any employee of a client unless the client has been informed and has granted endorsement in advance.

## **4.0 RESPONSIBILITIES TO THE CLIENT**

### **4.07 CONFIDENTIALITY**

A member shall treat all client information as confidential.

#### STATEMENTS OF INTERPRETATION

- 4.07.1 Members shall not disclose any confidential client information without the specific consent of the client.
- 4.07.2 Members shall store the information in such a fashion that through diligence and normally accepted administrative practices it is possible to safeguard the information. If, for example, information is stored on magnetic media, any member involved must be cognizant at all times of the location of such media, including back-up material. Any and all printed notes, drafts and reports must be destroyed or made unintelligible before being discarded.
- 4.07.3 Members must treat any and all information obtained from a client as confidential unless otherwise directed by the client. This rule does not apply to information that can be obtained through public inquiry.
- 4.07.4 Upon terminating an assignment, members shall offer to return to the client any and all material pertaining to the engagement.
- 4.07.5 If confidential client information that has been obtained by a member is, at any point in time, exposed to individuals beyond the member's direct authority to control, the member shall inform the client immediately and take appropriate action to protect the client's interests.
- 4.07.6 Members shall encourage clients to classify sensitive information and, if at all possible, shall refrain from taking possession of sensitive information.
- 4.07.7 Members shall keep the client informed as to the location and condition of storage of any and all information that has been deemed to be confidential.

- 4.07.8 Members shall refrain from making public statements that may directly or indirectly lead to the disclosure of confidential client information.
- 4.07.9 The rules pertaining to confidential client information shall not apply to exchange of information with a recognized investigative body or compliance with a validly issued and enforceable subpoena and summons.

## **4.0 RESPONSIBILITIES TO THE CLIENT**

### **4.08 OBJECTIVITY**

A member shall refrain from serving a client under terms or conditions which impair independence and a member shall reserve the right to withdraw from the assignment if such becomes the case.

#### STATEMENTS OF INTERPRETATION

- 4.08.1 In advance of undertaking assignments, members shall ensure that they do not accept any terms or conditions that may affect their objectivity.
- 4.08.2 When events or circumstances arise that affect a member's objectivity, or perceived objectivity, the member shall either:
- \* Discuss and attempt to rectify the matter with the client immediately; or
  - \* Withdraw from the assignment.