

**STANDARD OPERATING PROCEDURE
For
HANDLING NEGATIVE FEEDBACK
September, 2001**

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HANDLING NEGATIVE FEEDBACK

1.0 Applicability and Scope

This procedure outlines general guidelines to follow to address negative feedback. For the purposes of this procedure, negative feedback is defined as any information, accusations or comments from an external source that convey a negative image or connotation of either Clean Air Engineering as a company, or an individual or group working for the company. The external source may be a customer, supplier, consultant or any other person or organization working outside of the affected person or group. It is not limited to entities outside of Clean Air Engineering.

This procedure is intended for leadership-level (i.e., management) execution, and should be used anytime negative feedback is discovered and there is reason to believe that the implications are severe enough to threaten the image of the company or affected parties. This last part is sometimes a difficult judgment to make, particularly in foresight, and it is the challenge of the leader to differentiate between false alarms and serious threats.

This procedure is based on the assumption that open lines of communication exist between all employees and a level of management or leadership above them. The supposition that negative feedback can be freely communicated to a management-level individual within our organization is a prerequisite for this procedure to be effective.

2.0 Objective

There are four primary objectives of this procedure:

1. Minimize Clean Air's exposure and/or liability to the negative feedback.
2. Differentiate between true legitimate feedback and untrue accusations.
3. Prevent propagation of negative information about the company or affected parties.
4. Provide a mechanism for root-cause analysis and corrective action.

3.0 Procedure

3.1 Document the Feedback

Feedback can come in many forms – telephone conversations, emails, faxes, letters or any other forms of communications. In any instance, as soon as negative feedback is suspected, a paper documentation file needs to be established. The timeline of events should be established, and the file organized chronologically as well as possible.

Conversations related to the incident need to be documented in writing. In some cases, this may require summarizing the conversation well after the fact – in any case, a diligent effort must be made to accurately record the details of the conversation.

Email correspondence and any other forms of electronic communication should be printed for the paper file.

Employees involved in the incident must be made aware of the importance of what they are conveying. If possible, however, every attempt should be made to keep the incident low-key. There is no need in sensationalizing the incident, and the number of persons having full knowledge of the situation should be kept at a minimum, without sacrificing accuracy or completeness of any subsequent investigations.

3.2 Determine Level of Threat

The leader that is directly responsible for the affected persons or group must evaluate the level of threat imposed by the negative feedback. As stated earlier, this may sometimes be difficult, and it will require the leader to rely to some extent on experience and intuition. It will normally be advantageous for the leader to consult informally with other leaders to get various opinions.

As a general guide, the level of threat should be considered significant if any of the following are threatened or compromised by the feedback or its implications:

- Clean Air Engineering's ability to bid on, win or perform work for any client.
- Clean Air Engineering's ability to meet the corporate aim.
- Clean Air Engineering's ability to follow any of the policies and principles prescribed in the Integrity Commitment Letter:
(http://209.125.143.203/interns/Commitment_Letter.html)

3.3 Establish Affected Parties

If a threat is considered significant, then the scope of the affected parties needs to be determined immediately. The leader must establish to whom the feedback directly and indirectly pertains. If the feedback affects teams or groups outside of the leader's direct sphere of influence, then the appropriate leaders should be notified and fully informed of the situation.

3.4 Determine Highest Level of Notification

The leader must determine the level(s) of corporate management that need to be immediately notified of the feedback. Once again, the individual will have to draw upon their leadership experience and intuition to make this decision. Although all potential scenarios cannot be anticipated, the following rules should be used as a general guideline:

3.4.1 A Corporate Vice President should be notified immediately if:

- Issue may involve employee dismissal.
- Department-level procedures may have been violated.
- Issue may affect work or relationships with existing or potential clients.
- Issue may affect Team financials.

3.4.2 A Senior Corporate Vice President should be notified immediately if:

- Company policies may have been violated.
- Legal counsel may be needed.
- Serious or long-term company financial issues are at stake.
- Long-term contracts are at risk.

3.4.3 The Company President should be notified immediately if:

- Issue involves high-level (e.g., VP or Sr. VP) personnel.
- Issue involves accusations of company fraud, lying, deception or ethics violations.

3.5 Establish Origin of Feedback

The original source of the feedback needs to be established. This may be one or more individuals, or it may be a particular group or organization with no known single entity. It is also important to establish what, if any, other outside parties may be knowledgeable of the feedback itself or of the situation that has prompted the feedback.

3.6 Establish Investigation/Evaluation Team

At this point, the leader must appoint a head investigator that will oversee further investigations into the validity of the feedback. This person may be anyone within the company, provided that they are not directly involved in the situation prompting the feedback. It can also be someone outside of the company if the situation warrants this level of independent review.

The head investigator is responsible for selecting other individuals to assist in the evaluation. A minimum of two other participants are required to maintain objectivity. One of the responsibilities of all of the team members is to maintain objectiveness throughout the process. They must have no preconceived opinions about the situation prompting the investigation nor harbor prejudices against any of the parties involved in the situation.

The contents of the documentation file will be available to all of the members of the investigation team. This information will eventually be included in its entirety as an attachment to the Evaluation Report.

3.7 Prepare Evaluation Report

The investigation team will use appropriate means necessary to evaluate the situation and determine answers to the following:

- Are the accusations true or false?
- What was the root cause(s) that prompted the accusations?
- If the accusations are true, what needs to be done to prevent future occurrences?

- If the accusations are false, why were they made and what can be done to prevent future false accusations like this?
- Whether true or false, what should be done to prevent (or repair from) negative exposure and/or liability to Clean Air Engineering?
- If the accusations are true, what, if any, disciplinary actions are needed?

Throughout the investigation, the team must use caution to maintain confidentiality of all parties (internal and external). The results of the investigation will be published in an internal report and marked "Confidential". This report will be circulated to all of the leaders involved in the accusation. A copy will also be given to the company president.

3.8 Establish Course of Action

Upon completion of the investigation and evaluation, the investigation team and the managing parties involved will meet to discuss appropriate action items and responsibilities. If applicable, a timeline will be established for these items. The head investigator will be responsible for follow-up to see that the timeline is being met.

At the conclusion of this matter, the results of any action items and subsequent follow-up will be attached to the Evaluation Report and the document will be filed in Palatine.