



Leadership, Values and Ethics

When looking at this quarter's contributors to Voice, I was struck by something; the commonality of the themes in the subject matter despite the fact that they were writing independently and none were aware of the content of the articles written by the others. Their writing reflects the passion that they each feel about leadership and in particular using values, integrity and ethics as a basis for leadership. The writing is at times provocative and indeed I am sure that that was the intention in some cases!

Leadership discussions on values, integrity and ethics can, and often do, provoke strong reactions. And yet, the reality is that the examples and events cited are not fiction, but some of the facts and events that have happened during the last decade and are still happening. The last 18 months in particular brought the whole issue of what values based leadership actually means (or does not

"Using values selectively is quite simply as bad as ignoring them altogether!"

mean!) to the forefront of our attention.

Worryingly it has demonstrated how some leaders have been

hiding behind a values statement that had very little to do with the behaviours and practices of their organisation or indeed the culture that they were fostering within that organisation. Values statements created without the integrity of committing to deliver on them, are perhaps reduced to being nothing more than this year's must have L&D accessory! In effect they are meaningless and, because people see straight through them they do more damage than good.

Pat Lencioni writing in the Harvard Business Review (July 2002) in his article '*Make Your Values Mean Something*' stated "Given all the hard work that goes into developing a solid values system, most companies would probably prefer not to bother. And indeed they shouldn't because poorly implemented values can poison a company's culture. Make no mistake: Living by corporate values is difficult. After all it's much harder to be clear and unapologetic for what you stand for than to cave in to politically correct pressures. And for organisations trying to repair the damage done by bad values programmes the work is even harder."

For values to mean anything they have to inform our decision making in all aspects of business and be relevant to all the stakeholders (internal and external) in the business. They have to be woven into the very DNA of our business. Using values selectively is quite simply as bad as ignoring them altogether! The fallout for those organisations who claim to be what they are not, given that social media and the access to information through the internet can damage if not destroy a brand literally in seconds, is something that many of our once trusted institutions are all too aware of at the moment. Clearly many values statements will be aspirational while the company is on this journey. Their people may well be aware of that. There is integrity in recognising where you are and being open about this, especially if this is backed up with clear actions that deliver the change that the words of your values statement imply. The difference here is clearly one of intent.

And so values on their own, are not enough. Creating a values statement is probably about 5% of what organisations need to do to create powerfully performing cultures based on values. It is the window dressing of values based leadership. However, when values

are backed up with the integrity that demonstrates that you are committed to the values in actions as well as words, and you are being consistently ethical in your approach and behaviours, that is a potent mix, one that will create trust in the organisation from the key stakeholders in its success.

Of course companies and other institutions are a collection of individuals and leaders. People like you and me who make choices all the time. We will not always get it right and so we have to have the humility to admit when we get it wrong and learn from our mistakes. Our values can help us with our decision making if we use them proactively, if they are reflected in who we are and the choices that we make. But as with institutions, great leadership also comes from adding integrity and ethics into the mix.



John Frost
Managing Director
Values Based Leadership

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Leadership Values and Ethics - John Frost looks at how what leaders stand for, how they act and behave, can ultimately make or break a company.

Ethicability - Roger Steare, Professor of Organisational Ethics at Cass Business School, looks at how ethics have contributed to the present global financial crisis.

Thought Leadership - Karen Frost reviews Tina Kothari's "Women in Leadership - Five Routes to Success in Business" and John Frost reviews Roger Steare's book entitled "Ethicability".

Leveraging your 'Unique Ability' - Jeff Balin looks at the 4 characteristics that make up each person's unique ability and how to best deploy them.

So, What's your Campaign Ticket? - Mike Peckham MD of PSA Training and Development challenges business leaders to look back at recent events and use the lessons learnt for the benefit of their own organisation.

On the Couch - Karen Frost responds to a Senior Manager is concerned about losing a valued staff member who feels ethically uncomfortable with the company's environmental impact.

Thought Leaders

Women in Leadership Five Routes to Success in Business by Tina Kothari — Reviewed by Karen Frost



I read this little book recently and thought I would share my thoughts with you. Tina asked three important questions as to the possible reasons few women reach board level and the remarkable added value they contribute when they do become board members.

Her questions were:

- What do they do?
- How did they get there?
- How is what they do different from what we normally consider leadership to be?

In finding answers to these questions Tina explored the careers of several women and the book goes into more depth around the careers of four very different women; all successful in a variety of fields. There is much in Tina's book that I can relate to. She develops a number of themes around the key differences in terms of how we lead – some generic themes such as vision and values and other more unusual themes such as our relationship with our partners and the support that we get as well as our relationship with time and energy. So if you want to have a reflect on what it was that enabled you as a woman to gain a senior leadership role, or you have aspirations to be a leader, then this book is a quick easy read that will be a useful reference in the future.

Published by Arena Books, November 2008

Ignore values? That'll be an unlimited fine and 10 years at Her Majesty's pleasure...



Roger Steare is Corporate Philosopher in Residence and Professor of Organisational Ethics at Cass Business School. He advises major corporations, public sector institutions and government agencies in good leadership, culture and ethics. <http://www.ethicability.org>

In a recent speech, Hector Sants, CEO at the FSA and a newly appointed Deputy Governor of the Bank of England, called for financial services firms to "practice what they preach" and lead the right culture, ethics and behaviours.

Hector revealed controversially that when he joined the FSA in 2004, he was told by senior management that "we don't do ethics", something he now suggests was a deficiency in oversight and regulation. Specifically citing my research, Hector asserted that not only should firms pay greater attention to culture, he believes that the regulator should analyse and judge the character, judgement and behaviours of directors and senior executives. He has also called for greater gender diversity on boards and for the Companies Act to be revised so that directors discharge a much wider responsibility to society. I applaud Hector and welcome his intervention in the corporate governance, culture and ethics debate. In a parallel move, the directors of all UK businesses and all businesses operating in the UK, now have a statutory responsibility in the Bribery Act 2010 for "adequate procedures"

to migrate the risk of bribery, corruption and fraud. Whilst these procedures have not and will not be prescriptively defined, the Serious Fraud Office has also indicated that the quality of "leadership, culture and ethics" will be measured. Failure to do so could result in unlimited fines both for the firm as well as for directors. The directors could also face jail terms of up to 10 years. Our latest test on Moral Character is now online and is freely available for personal use and reflection at <http://www.ethicabilitytest.org>. A full report based on the results of this research will be published jointly with PWC later this year.

It is my view that one of the major causes of the global financial crisis – and indeed a range of other corporate disasters, was and is the deficit in the character and judgment of many of the directors and senior executives of the banks and businesses that have collapsed. It's simply not enough to tinker with systems of corporate governance. We must also assess the character and judgment of board directors and senior executives. If these banks were buses that had crashed, we wouldn't just check for faulty brakes and steering, we would also breathalyse the drivers.

My experience and research strongly suggests that whilst company directors and senior business executives as a group score highly on many of the integrity scales we measure, they are the least compliant, most arrogant and least empathic of all employee groups. More rules are no deterrent to those who ignore them, who lack humility and couldn't care less about customers or indeed shareholders. Our research also strongly suggests that women score much more highly in these areas of character deficit. This is a powerful argument for much greater gender diversity on the boards of UK plc.

And if this evidence does not persuade you of the need now to "do ethics", then the prospect of unlimited fines and 10 years detention at Her Majesty's pleasure, should concentrate the mind.

Hector Sants' speech can be accessed here:

http://www.fsa.gov.uk/pages/Library/Communication/Speeches/2010/0617_hs.shtml

The detail of the Bribery Act 2010 can be accessed here:

http://www.opsi.gov.uk/acts/acts2010/ukpga_20100023_en_1

Leveraging Your Unique Ability – the strategic value of building leadership around our greatest gifts

By Jeff Balin,

*"This above all: to thine own self be true."
– William Shakespeare, Hamlet*

There is a principle of personal growth and development that is far more potent than it is popular, let alone practiced. The concept is as old as humanity, but a new term to describe it is emerging: Unique Ability. This term has been trademarked by Dan Sullivan, founder of a Toronto-based company called Strategic Coach. Sullivan noticed that a group of special needs individuals showed varying degrees of contentment and contribution in direct proportion to the degree to which they understood and applied their Unique Ability. I have witnessed similar results after coaching and consulting extensively with over 90 professionals over the last eight years, I not only concur with Mr. Sullivan, I would say it is the point of greatest leverage for successful leadership coaching and development, not only for the individual, but also for their team and organisation.

In my view, it is the single-most strategic decision a leader can make.

The description of a Unique Ability, as found in the book, *'Unique Ability, Creating the Life You Want'* by Catherine Nomura and Julia Walker, is as follows:

Each of us is born with a potential Unique Ability that has four characteristics:

- **First**, is a superior ability that other people notice and value.
- **Second**, we love doing it and want to do it as much as possible.
- **Third**, it is energizing both for us and others around us. And,
- **Fourth**, we keep getting better, never running out of possibilities for further improvement.

So what, therefore, is the strategic value of fully deploying one's Unique Ability, within the context of a team or organisation? Much of the answer may be intuitive, but allow me to elaborate.

I have been graced with the opportunity to work with some remarkable people, seeing into their hearts and minds, sharing in the great responsibility of determining where to put their time, energy and talent. In the process, uncovering and applying one's Unique Ability with full conviction consistently serves as a flawless guide.

At the center of any system is its leader. For better or worse, when the leader sneezes the system catches a cold. Inevitably, the return on energy invested into the system is greater for the leader than for any other individual within that system. Consequently, when a leader's Unique Ability is applied consistently in its purest, undiluted form, the rest of the system functions with uncommon efficiency, drive, direction and impact.

John Wood, Founder and Executive Chair of **Room to Read**, an organization that builds educational infrastructure and opportunities in the developing world, learned about the power of applying one's Unique Ability to his earlier role as CEO. Room to Read was founded in 2000, when Wood left a senior position at Microsoft to figure out how to provide libraries, books and education to the developing world. Well, he figured it out – Room to Read has now established over 10,000 libraries (at a current build-out rate of 6 per day!), 1,000 schools and 10,000 scholarships for girls.

This wasn't always the case. In 2003, when I began working with John Wood, he and Room to Read were making progress, but finding it challenging to scale (a key priority for the organisation). Working with John it was clearly evident to me that he suffered the fate of most founders and many leaders; he was working in and on nearly every aspect of the organisation. Leaders are often talented individuals, capable of doing many things better than most. This is the trap. Not only does it lead to hyper-multi-tasking with mediocre results, but it also prevents them from bringing their Unique Ability to the majority of their time and attention.

"At the center of any system is its leader. For better or worse, when the leader sneezes the system catches a cold."

During my first meeting with John in San Francisco, we crafted a deceptively simple and profound assignment. For one week John was to avoid licking a stamp. Pretty easy, you say? Well, not if you have built a rapidly growing organisation from the ground-up and feel obligated to respond personally to every letter that comes in, especially those addressed to you.

However talented he may have been at it, handling the mail was clearly not John's Unique Ability. What was? Being in front of people, individuals or large crowds, inspiring them with big, hopeful, strategic visions that made sense and alleviated considerable suffering in the world. Every hour John spent on envelopes and stamps was an hour lost from doing what he loved most—inspiring people. The unleashing of John's Unique Ability into the world has now helped attract tens-of-millions of dollars and thousands of devoted supporters.

The key was first identifying the leader's Unique Ability, then restructuring every aspect of the organisation to support, nurture and deliver the gifts of that Unique Ability. In John Wood's case, instead of being in front of people only 10-percent of the week, while he *managed* the other "important" aspects of the business, the organisation was restructured to allow him to spend the lion's share of his time in-front of donors, volunteers, television cameras and influential world leaders. In other words, those were very expensive stamps!

To be sure, internal and external strategies are paramount to organisational and team success. However, the most critical strategy may very well be the leader's decision to understand their own Unique Ability and to figure out how to bring it into the organisation as fully as possible. Oh, and by the way, to all those leaders who decide to explore this further, if you discover you are being more effective than ever and having fun at the same time, please don't feel guilty.



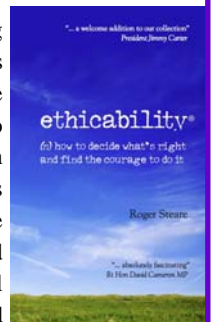
Jeff Balin,
Leadership Coach and Consultant

Thought Leaders

Ethicability by Roger Steare

Reviewed by John Frost

Roger Steare makes the claim in the opening two sentences of his book is that "This book has been written to fill a void. How do we decide what's right and find the courage to do something about it?" In answering his own question Roger introduces us to his Ethicability© framework, a simple and effective resource to help us to make ethically sound decisions. Along the way he also has useful insights on ethics and integrity. The third edition of this book, originally published in 2006 came out in 2009 and is well timed. Has there ever been a time when the ethics and integrity of our major public and private sector organisations have been under such scrutiny and that trust in many of these organisations has fallen so far? Ethicability© is short and to the point – it can easily be read in an hour. But perhaps its greatest strength is in the simplicity of the idea. The book offers some useful thoughts and ideas to leaders who are committed to creating a values based organisation that is trusted by both the public and by its employees.



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So what's your 'Campaign Ticket'?

By Mike Peckham
MD of PSA Training and Development Ltd

On the 12th May the UK had a new government and a new Prime Minister and for the first time in 70 years the UK found itself with a 'hung parliament' which broadly means that no single party has a significant majority and instead every policy will have to be negotiated and fought over in ways that a majority government would never have to do. In the UK 9.4m people watched the first televised debate by the three major party leaders – a scale of viewers that is only bettered by the series 'Britain's Got Talent'!

Ram Charan (1) in his authoritative book on leading and managing 'The Eight Know How's' recognises the importance of leaders being able to 'connect the dots by pinpointing patterns of external change ahead of others' and then 'positioning' the business to respond. He recognises how a great leader can deal creatively and positively with societal pressures that go beyond the economic value creation activities of the business. This brief article aims to challenge leaders to stand back from recent events and understand and interpret them for the benefit of their organisations and in particular to extract some lessons for leaders from the recent election campaign.

In 2001 the disgraced energy company Enron collapsed and yet it espoused a set of values that would have been quite believable had it not been for their breathtaking corruption:

RESPECT: We treat others as we would like to be treated ourselves. We do not tolerate abusive or disrespectful treatment. Ruthlessness, callousness, and arrogance don't belong here.

INTEGRITY: We work with customers and prospects openly, honestly and sincerely. When we say we will do something, we will do it; when we say we cannot or will not do something, we won't do it.

COMMUNICATION: We have an obligation to communicate. Here, we take the time to talk with one another...and to listen. We believe that information is meant to move and that information moves people.

EXCELLENCE: We are satisfied with nothing less than the very best in everything we do. We will continue to raise the bar for everyone. The great fun here will be for all of us to discover just how good we can really be.

Ever since James Collins and Jerry Porras (2) popularised the importance of defining an organisations vision, mission and values, there has a temptation for us to become slaves to what has been classed the 'corporate culturists' (3) the idea that we must manage, lead and shape the culture of an organisation in order to engineer success. The problem is that the last decade, culminating in the economic crisis of 2009 has shown that if this is done without integrity and humility, it is complete bunkum.

2009 will be recognised as the year when all our excesses caught up with us, when we individually and collectively were found to be living beyond our means with money that was irresponsibly loaned. Ironically it is debatable whether anyone actually broke any 'rules'. The scandals involving MP's expense claims included such extravaganzas as having your moat cleaned, your swimming pool maintained at your country residence and purchasing antique rugs. . The point is that as well as being uniquely barmy, in a British kind of way, most of the claims were allowed within the 'rules' but were objectively beyond that which common sense should allow. Just because you can, it doesn't mean that you should! So yet again, bizarrely the rules and legislating were not enough.

We know already that in the emerging decade the major issue will be 'Trust' (4). All major institutions, and especially businesses, need to become 'trusted institutions' and that the court of public opinion that is increasingly Twitter, Facebook and the full breadth of social media can, and will, damn you quicker than you can write a press release. Witness Tony Hayward's initial bumbled attempts to play down the environmental disaster in the Gulf of Mexico!

So if we have moved beyond 'mission, vision and values' and we increasingly judge our leaders against a higher moral code were does it lead us? For me the answer is to think about something more encompassing that brings together values, beliefs and purpose in to what I call a 'campaign ticket'.

The idea of a leadership 'campaign ticket', whilst unfortunately borrowed from one of our least trusted institution – politics - remains a useful construct. In the UK judgements were made in the recent televised debates on each of the leaders' performances, that decided the final election result. We know from research into the US Presidential televised debates that performance on screen is far more important than the content with perhaps the most famous example being the first ever debate between Nixon and Kennedy in 1960. Radio listeners ranked Nixon the winner, whilst TV viewers favoured Kennedy. How many people actually read three main parties' manifestos in the UK? Whilst great effort is put into creating party manifestos, ultimately, in 2010, they were not the key factor in the election success. Instead judgements were made on competence to lead, trust and an interpretation of what people 'stood for'.

That is what I mean by 'campaign ticket' – having a really good manifesto is a bit like having a great business plan and believing that people will follow you because of it. Now I am not saying that a good business plan is unimportant but rather that, more important than the business plan, is how people make sense of who you are, your standards and what you are trying to achieve.

In the UK, Nick Clegg the Leader of the Liberal Democrats, was the surprise winner of the first TV debate, largely because people made judgements about his character rather than policies alone. It is the same for leaders in organisations, everyday people in the organisations make judgements about their leaders and their interpretation of their 'campaign ticket'.

So if you are a leader think carefully about your 'campaign ticket'; perhaps some of the questions to consider are:

- What are my standards that I will make clear to those around me?
- What is my compelling, all consuming set of beliefs about where we are going?
- How will I help people to understand my beliefs about how and where we are going together?

Finally, one of my clients was recently approached by the charity Save the Children to provide support for the victims of Haiti and responded 'as Haiti is not a priority area or an area of operation for the company it would not be something that we can support'. It was not in the business plan or a set of Corporate Social Responsibility Guidelines so was not applicable and yet by any greater moral compass, there is no doubt what the 'right thing to do' was. As chance would have it the CEO of the organisation, who has a strong campaign ticket about the social responsibility of businesses intervened and common sense prevailed!

(1) Charan, R (2007) KNOW-HOW - The 8 Skills That Separate People Who Perform from Those Who Don't, Crown Press; New York
(2) James C. Collins, Jerry I. Porras, (19XX) Built to Last: Successful Habits of Visionary Companies, Harper Business Essentials; New York
(3) Willmott, H, (2000), Strength is Ignorance; Slavery is Freedom: Managing Culture in Modern Organizations, Reprinted in G. Burrell et al. (eds.), Organizational Studies: Critical Perspectives, London: Routledge.
(4) Edelman Trust Barometer (2010) – see <http://www.edelman.co.uk/trustbarometer/>

On the Couch



With Karen Frost

I am one of six Senior Managers of a nationwide packaging company in the UK. As a team we get on very well; so well that I usually go to my peers to seek their support and advise if I have an issue with any member of my team. This is the culture of the way we work. We regard ourselves as having a very positive culture where people are recognised, valued and respected.

However, I have a dilemma with one member of my team which none of my colleagues have been able to help me with. This team member has been with us five years. He is intelligent and articulate and does a great job. Until recently I would have said he was happy and fulfilled in his work, but in a recent meeting he said he was intending to leave. When we talked through his reasons he said it was because, although he enjoyed working for us, he was, from an ethical perspective unhappy with what we produced and the impact our business activity had on the environment.

From a values perspective he felt he could no longer work for us and wished to seek a new role in a company that contributed to the environment rather than made withdrawals from it. I understand what he is saying. I don't know what we can do to change the situation for him and I don't want to lose a very valuable member of the team.

This is a conversation I find I am having with more and more senior managers. Historically, people did not consider too much what their business produced or served. However, over the last ten years with the information now available we understand much better the impact our economic activity has on the world around us. Likewise, more managers are considering the ethics of what they do and so are less concerned with the money they earn or the status they hold in a business. In many ways this is an excellent thing. So how do you manage this with your team member and your team as a whole?

Your team member has a values disconnect. Most likely something has happened which has enabled him to reflect on his life and his future; so much so that where his values lie and the behaviours in terms of daily work do not match. So for

him he needs to make changes. In my experience the big personal changes in peoples' lives such as having children, a parent dying or a holiday to a developing country can bring to the fore the stark reality of day to day life. He does need to change because living with a values disconnect is an uncomfortable place for him to be for too long.

You can be the best possible manager to him by encouraging him **not** to leave immediately, but to take his time in looking for a new job with a business that is more 'environmentally friendly'. Sometimes businesses that appear very ethical, can when you look at who they supply or where they get their resources from, are in fact less ethical than they first appear. So people need time to research and they need time to come to terms with their change in thinking.

Final Thoughts

"Personal leadership is the process of keeping your vision and values before you and aligning your life to be congruent with them." Stephen Covey – Author, Professor and Management Consultant.

"It's not hard to make decisions when you know what your values are." Roy Disney – Nephew of Walt Disney

"It has taken me thirty three years and a bang on the head to get my values right." Stirling Moss – World Champion Racing Driver.

"If we are genuinely committed to promoting a culture of peace, as individuals we must look to our values and ensure that we all exhibit a peace loving life to our nation's children." Silvia Cartwright – 18th Governor General of New Zealand