

Interlude: Moving Beyond Damage-control Ethics

Executive Summary

We have defined business ethics and six basic, share-able criteria for figuring out right and wrong (Chapter One). We have reviewed twelve good reasons to motivate interest in figuring out and carrying out the ethical, right thing in business (Chapter Two). And we have built a five-phase trouble-shooting, decision-making, and crisis management approach (Chapter Three). These three tasks constitute Business Ethics 101--the critical minimum to keep our business ethically-afloat. It is now time to move beyond this "damage control" approach to Business Ethics 201--a proactive, holistic, "mission control" approach that builds ethics and values into every part of an organization aligned and empowered for excellence and success. There are six components (motivation, trouble-shooting, mission/vision, culture/values, practices/principles, leadership/governance) and four processes (identify, educate, implement, and evaluate).

The corporate ethics meltdown manifested in Enron, Andersen, WorldCom, Global Crossing, Adelphia, and other companies, was a betrayal with still-unfolding, negative consequences that will be felt for years to come. What is perhaps most ominous about this business crisis is that it occurred from within, among reputable leaders of respected businesses, among friends of our highest political leaders, among the nice folks sitting over there in the church and the synagogue. This wasn't Al Qaeda, the Mafia, or the Ku Klux Klan. This was us.

It will not be enough to jail a few offenders and pass a few new regulations making certain accounting or compensation practices illegal. Both of those things may need to happen, but they are not a sufficient response to our business ethics challenge. Corporations must take serious, well-conceived steps to rebuild their own ethical health. This will not happen if we confine our attention to a reactive, narrow, and negative "damage-control" approach to business ethics. What we need is a holistic "mission-control" approach to ethics and values.

Six Components in Ethically-Healthy Organizations

To build a successful, ethical, excellent business enterprise, serious attention must be given to six inter-related foci. We have reviewed the first two components in previous chapters.

1. Motivation It is easy, but mistaken, to assume that everyone is eager to work and manage in an ethical manner. Despite all the news stories and warning flags everywhere, many business people (and business students) remain apathetic, impatient, or unconvinced. But these attitudes are extremely dangerous, an invitation to disaster. To build an ethical, long-term, successful enterprise, everyone, from the board of directors through executive management to employees at all levels, must understand and embrace the strongest possible, most thoughtful and convincing rationale for taking ethics very seriously. Why should we--- why must we---care about a sound ethics? What are the costs of ethical neglect? What are the benefits of sound ethics? Until this motivational challenge is addressed, little improvement can be expected.

2. Trouble-shooting We mustn't kid ourselves. Even in the best of circumstances, hard cases and crises in business are going to arise. An exclusive emphasis on crisis-resolution, "damage-control" ethics is a mistake because it allows negative challenges and crises to set the ethics agenda and fails to move upstream to deal with the sources of these challenges. Nevertheless, ethical dilemmas and quandaries are inescapable and ethically-healthy companies must put in place a ready, effective trouble-shooting and crisis-resolution method.

3. Mission and Vision What is the core purpose, the mission and vision of the company? Why do we exist? Where are we going? We focus so intensely on core mission because it is the mission that best leverages ethical behavior. An inspiring and shared mission and vision can mobilize people toward ethics and excellence. Each company must identify and articulate its own distinctive core mission, one that inspires people to bring their best, most ethical and talented selves to work each day. Without clear linkage to such a mission, codes of ethics become little more than abstract, arbitrary, boring legalisms. Ethical values and principles must be understood as integral aspects of all strategies and plans to achieve the company mission.

4. Culture and Values Organizational culture refers to what the company "is" (not so much what it "does" in this or that circumstance). Culture is about context and capability. What are the characteristic traits, habits, and customs that define the organization? What is the style

and atmosphere of the company? What are its virtues and vices, its characteristic potentialities, skills, and inclinations? Without a healthy “value-embedded-culture,” ethical decisions and practices are imperiled. Just as a physically-weak, out-of-shape sports team cannot successfully carry out even the most brilliantly conceived set of plays, so an ethically-weak company culture cannot live up to its stated principles and its code of ethics. Each company must identify and articulate the cultural values and traits that are essential to carrying out its particular mission. The culture must align with, and enable, the mission and vision.

5. Practices and Principles When a company has addressed its mission and culture, it is time to ask what the company specifically “does”? What are the basic practices of the company? What are the primary activities, behaviors, and processes undertaken as the company pursues its mission and vision? Here is where companies need action-guiding rules and principles---often stated in the form of codes of ethics. Without robust, reliable “principle-guided-practices,” companies are liable to fail in their quest for excellence and wind up dealing with far more crises than necessary. When principles have a nice “fit” with basic business practices and activities, when they are clearly rooted in the company mission and culture, ethics is not experienced as an abstract, negative restraint but rather as a “set of plays helping us get into the end zone.”

6. Leadership and Governance As with anything of importance in an organization, gifted, effective leadership is essential in the ethics domain. If no one has the responsibility, the training, and the resources, the best ethics and values statements and ideals in the world will rest dormant and useless. Ethically-healthy companies make sure that from the board of directors on down, throughout the whole organization, good ethics leadership is in place and in training. They strengthen and improve their governance systems and structures from top to bottom.

Four Processes in Building Ethically-Healthy Organizations

Attention needs to be given to the six “Components” at four points. This is not a once-for-all experience. All four processes must be revisited on a regular basis. Often, the place to begin is with a review of the company’s ethics experience and its current strengths and weaknesses (process 4 below).

1. Identification At each of the six focal points---motivation, trouble-shooting, mission, culture, practices, and leadership---companies must identify *what* they have and are, and why

it is important. This is a process of self-examination, identification, description, articulation, and explanation. A company has to “figure it out”---identify, describe, articulate the six components. Through study of company documents and statements, surveys, focus groups, interviews and discussion, the goal is to arrive at clarity and confidence.

2. Education When the six components are clearly identified and articulated, the challenge is to ensure that they are known from top to bottom of the organization. *Who* are the target audiences and what are the particular emphases they must receive? (boards of directors, marketing, manufacturing, sales, customer service, executive leadership, human resources, new hires, veterans, et al). *How* should the ethical content be communicated and reinforced? (documents, coffee cup inscriptions, posters, classes and seminars, online and interactive information, awards, recognition, etc.). Companies must review and strengthen their ethics education programs with the goal of thorough knowledge throughout the organization. One concern to be noted here is the impact of the educational method on the learning. In particular, if ethics training is done primarily or exclusively to individuals sitting in front of computer screens, the trainees may be indoctrinated into (a) a highly individualistic approach that doesn’t know how to find the ethical wisdom of colleagues and teams, and (b) an arbitrarily neat notion of ethical dilemma resolution because of the incapacity of computer-based Q&A to represent the “gray” and ambiguous nature of real business ethics and the way we must try to responsibly “muddle through” at times.

3. Implementation It is still not enough to identify and educate. The third process is to implement. Implementation means that the mission actually guides the organization. Activities that do not fall clearly within the mission are rejected. Core cultural values are not just identified but are expressed in everything from architecture to compensation and review. Principles are “on the table” when decisions are made. Dilemmas are routinely put through the resolution method. Any organizational values, principles, programs, and processes that are not clearly implemented will breed cynicism. Implement them or eliminate them. It’s about “walking the talk” and “practicing what we preach.”

4. Evaluation The ethical health of organizations must be reviewed on a regular basis. How is the company doing on each of the six focal concerns? In each of the four processes? What are the areas of strength and weakness? What can be changed and improved? How can the ethics aspect of the business be kept fresh, alive, dynamic, and interesting? Individual employees need to be evaluated on their performance and contribution to the values and ethics of the company. The organization itself needs to be evaluated by its employees (and other stakeholders), often centering on a company values and ethics audit (review, assessment)

tailored for each company's particular needs and desires (longer or shorter in duration, this emphasis or that, etc.).

Throughout this book I include sample sections of a generic company ethics and values audit I have designed. A couple comments are appropriate as you look at this audit form. First, no single, generic template is going to be appropriate to every situation. Resist anyone who tries to say otherwise and wants to bring in some standardized form. Instead, tailor a form to fit your organization and which will tell you what you need to know.

Second, the choices for responses to the questions go from (1) strong disagree to (5) strong agree. Having these five options is important. Some test-makers push for "forced choice" yes/no answers (e.g., the popular Meyers-Briggs temperament analysis). But a moment's reflection tells us that this yields neat but bogus results. If someone feels right in the middle (3 on a 5-point scale) they should be able to say so; so too, a 3-point scale is still too extreme (positive, middle, negative). Give your people a chance to express how they feel. No forced choices or over- simplifications, even if your poll-takers are frustrated by the messy numbers. Hey, that's life.

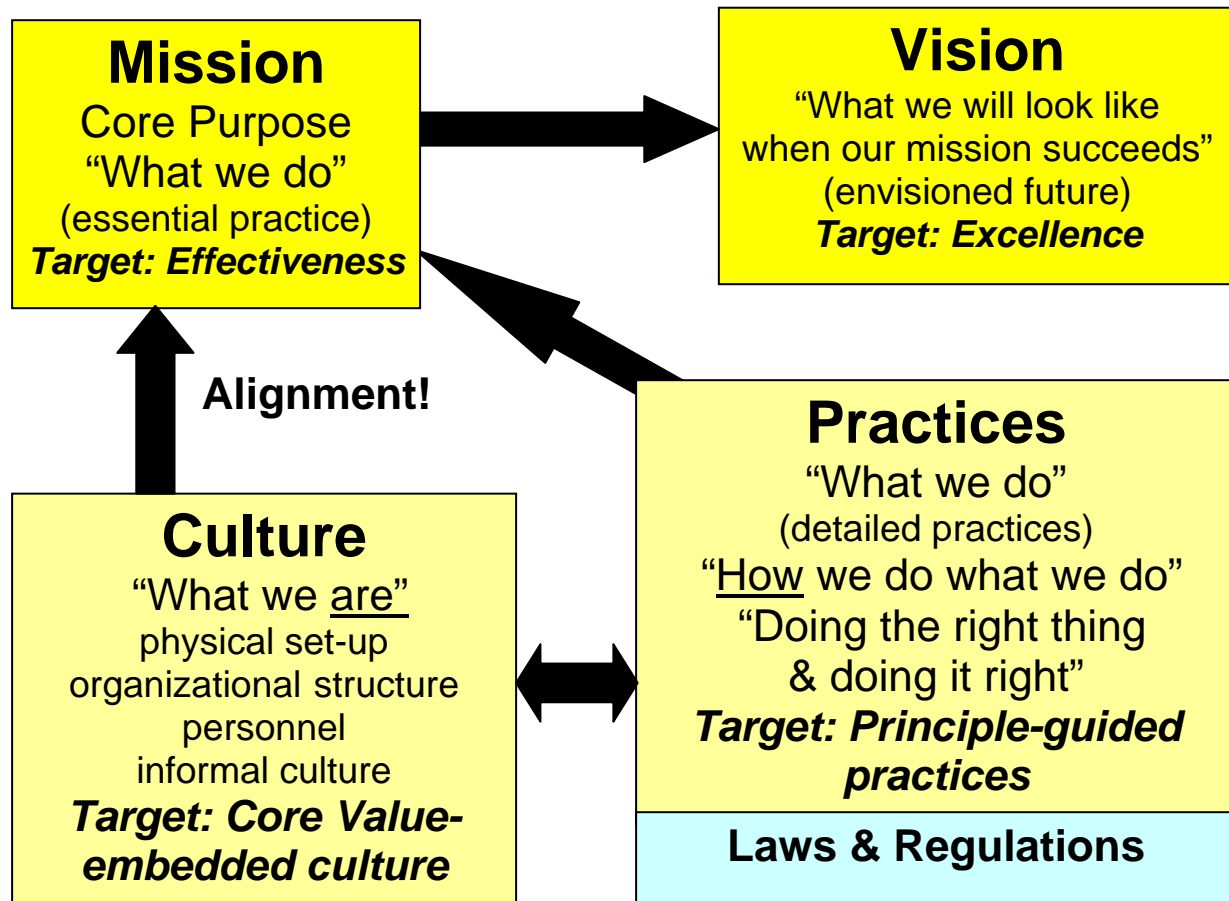
Finally, my ethics audits always have some open, general questions with spaces to write feedback. Again, the psychologists and test-summarizers may not like it but an accurate survey of employee attitudes must allow people to express their own opinions. Someone has to have the option of scrawling "this is all BS!!"---or "I love this place!" More often, they may make helpful suggestions or give us insights that the questions and numerical responses just can't capture.

The entire ethics audit (putting all the sections together from this book, for example) may be too much to ask for every year. It may be better to audit the motivation, trouble-shooting and core values aspects this year; then audit the mission, ethics code, and leadership pieces next year. If it is broken up like that, the responses may be more thoughtful and complete.

Putting It All Together: Blueprint & Job List

The following schematic shows vividly the architecture of an ethically-healthy organization:

The Blueprint



In the diagram above, everything is pointing toward carrying out the mission (effectively) and achieving the vision (excellently). There is an interplay back and forth between culture (what we are as an organization) and practices (what we do from day to day in our organization). Both are in service of the mission and vision. *Alignment* is a critical concept in the relations of the parts to each other.

Without self-consciously, intentionally building an organization this way, we may be left with the “laws and regulations” category as our only real guidance---maybe with a just a big \$ symbol at the top of the page as the business goal.

We do want the \$--and we do plan to respect the law. But the richer, fuller, more complex blueprint is the way we want to “go for it” in our business.

The next chart show how the six components and four processes relate to each other and how the job list is created.

Gill's Job List for Building Ethically-Healthy Organizations				
4 Processes 6 Components	Identification	Education	Implementation	Evaluation
<p>Motivation <i>Why we care.</i></p> <p>A deep, thoughtful, convincing rationale for taking ethics seriously.</p>	<p>What is it? How does it work? Identify it. Describe it. Explain it.</p>	<p>How do we teach it---throughout the company? To do it, everyone must first know it. How do we train on this?</p>	<p>How do we make it part of our basic structures, policies, and practices? We must practice what we preach.</p>	<p>How are we doing? How can we improve? What needs to change?</p>
<p>Trouble-shooting <i>How we manage crises and make decisions about dilemmas.</i></p> <p>A ready, effective troubleshooting & crisis resolution method.</p>	<p>Why should we be concerned about our ethics? What is at stake? Consequences?</p>	<p>Activities and initiatives to keep everyone awake, alert, and motivated.</p>	<p>Instructing, praising, rewarding, disciplining to maintain the motivational edge.</p>	<p>Organizational Ethics Assessments; focus groups; Internal/external research; Personnel evals.</p>
<p>Mission & Vision <i>Where we are going. Purpose, core business, and envisioned future</i></p> <p>An inspiring, shared core mission/vision.</p>	<p>What is our method and strategy for dealing with crises, dilemmas, and quandaries?</p>	<p>Ethics training case analyses online and in classroom; staff discussions. Newsletter Q&A</p>	<p>Get people involved in using the tools to research questions, discuss actual problems and find/invent resolutions.</p>	<p>Organizational Ethics Assessments; focus groups; Internal/external research; Personnel evals.</p>
<p>Culture <i>Who we are. The core values that shape our physical plant, policies, structures & atmosphere</i></p> <p>A healthy, value-embedded culture.</p>	<p>Why do we exist? What are our core purposes, our overarching basic goals?</p>	<p>Statements posted everywhere; invoked, explained frequently</p>	<p>Mission & vision brought up at strategy and planning meetings;</p>	<p>Organizational Ethics Assessments; focus groups; Internal/external research; Personnel evals.</p>
<p>Practices <i>How we do the things we do.</i></p> <p>Robust, reliable, principle-guided practices.</p>	<p>What are the basic, defining, core characteristics of our organization? Our habits, our atmosphere, our style, our traits?</p>	<p>Values posted everywhere, explained, illustrated by management</p>	<p>Create and strengthen concrete exhibitions of each core value; smash all misalignments.</p>	<p>Organizational Ethics Assessments; focus groups; Internal/external research; Personnel evals.</p>
<p>Leadership <i>How we do the things we do.</i></p> <p>Gifted, effective leaders and systems in place and in training.</p>	<p>What are the guidelines that keep our primary activities on track ethically? What is our code of conduct?</p>	<p>Ethics training on line, in print, in class.</p>	<p>Bring up guidelines in new employee orientation and mentoring, staff meetings, bring activities into conformity.</p>	<p>Organizational Ethics Assessments; focus groups; Internal/external research; Personnel evals.</p>
<p>Leadership <i>Who makes it happen.</i></p> <p>Gifted, effective leaders and systems in place and in training.</p>	<p>How is responsibility for organizational ethics distributed? Personnel, process, systems?</p>	<p>Make plain the organizational structure, lines of communication, accountability.</p>	<p>Set the example, inspire the people, hold people accountable. Encourage, reward, educate, discipline.</p>	<p>Organizational Ethics Assessments; focus groups; Internal/external research; Personnel evals</p>

