

Emerald ManagementFirst

INTEGRITY – The new leadership story



We went through many leadership programmes, seminars, books, articles and other leadership products. We found many of these well meaning but lacked capturing the complex context in which leaders live.

We found that the best leadership lessons were learned from experience, the key lesson is the absolute importance of Integrity. We learned that if leaders don't have Integrity, nothing else matters much.

The definition of Integrity is: "comprises the personal inner sense of 'wholeness' deriving from honesty and consistent uprightness of character" This is OK, but this from Howard Adamsky, in his article "A New Day for American Leadership" is far better, "...leadership is part vision, part art, part science, part experience, part faith and part know-how, all bound together in an ironclad package called integrity."

Leadership Integrity, always important for Business success, is now critical. We are experiencing a seminal change in the business environment – from the Information Age to the New/Knowledge Economy, yet the news is filled with CEOs who are falling from grace and there is talk of a "leadership crisis".

Leadership integrity lost

There has been a continuing erosion of trust across numerous business sectors in America according to the Golin/Harris Trust Survey. Nearly 70 per cent of survey respondents said, "I don't know whom to trust anymore" and said they will "hold businesses to a higher standard in their behaviour and communications."

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Despite much advice from the \$15 Billion Leadership Industry (business schools, seminars, books, tapes, journals), it seems that many so called leadership experts; business books and publications failed us.

- A major Business School had a business case on the success of Enron.
- Bernie Ebbers and Ken Lay are profiled in a book on the best leaders.
- In a major business magazine's list of most admired companies for 2000, Enron ranked first in quality of

management – ahead of even GE.

- BusinessWeek to its credit chronicled what some management gurus said about Enron, before and after its collapse.

We must be careful of a Business-School-Media-Corporate-Complex. Perhaps in concept similar to the Military-Industrial-Complex President Eisenhower warned about.

This Complex seems to have engaged in a groupthink of enormous proportions – professors, consultants, journalists, students and executives all feeding on the same diet of best practices, theories and leadership theories.

- Business schools taught Ethics as a sideline
- Many companies have lofty Mission Statements and Operating Practices statements that address ethics, but do little enforcement
- Journalists gave interviews to glitzy executives who brag about how they improve profits
- Executives courted analysts to improve stock ratings.

Business leaders' reputation declined for some time. The 1980s brought a seemingly endless parade of mindless downsizing, reengineering, reorganizing and inauthentic PR all focused on satisfying the investment community. Corporate

leaders excelled at Investor Relations and failed in the vital relationships with their people and customers.

We observed people as they moved up the hierarchy, receiving more perks, they became consumed with their own importance. Position and rank became more important than anything. One of my bosses said, “You know why the guys at the top have large offices? It is to house their huge egos.”

It takes courage to be an authentic leader. You must be willing to honestly look at and acknowledge your weaknesses.

Many would-be authentic leaders are out there pleading, trotting, temporizing, putting out fires, trying to avoid too much heat. They're peering at a landscape of bottom lines. They're money changers lost in a narrow orbit. They resign. They burn out. They decide not to run or serve. They're organization Houdinis, surrounded by sharks or shackled in a water cage, always managing to escape, miraculously, to make more money via the escape clauses than they made in several years of work. They motivate people through fear, by following trends or by posing as advocates of “reality” which they cynically make up as they go along.

-Warren Bennis (Forward in Counterfeit Leadership)

Profile of the 21st century leader

While leadership is vital to corporate performance, there is a growing realization that effective, trustworthy leaders are absolutely crucial to be successful in the future. In addition, leader characteristics are dramatically different than past leaders, even the recent past.

Command and control is out, organizations are flatter, the competitive landscape is chaotic, people want meaningful work, and customers are in control. This transition is frequently compared to the Industrial and Information Economies, but the breadth of changes are so dramatic, little precedent exists.

Through our experience and research we defined 21st century leader characteristics needed in an increasingly changing business landscape. Leaders need to continuously adapt to their overall context. Application of these characteristics is more art than science.



While all characteristics are needed, Integrity is vital. Most companies are not ethically (and now financially) bankrupt like Enron, but we still have leaders lacking credibility. Lack of Integrity must not be tolerated. Otherwise everything else that contributes to corporate success will suffer.

Leadership integrity guidelines

Integrity is a delicate jewel. Building integrity in leaders and organizations takes time and cannot be feigned. You must feel it in your gut, in your core beliefs that being honest and trustworthy is the right business practice. If you feel that integrity is only a route to financial success, you are doomed to failure.

Not financial acumen. Not vision. Not creativity. What employees want most from their business leaders are basic principles in practice such as honesty, integrity, ethics and caring, according to the results of a survey conducted by Right Management Consultants.

Consider these suggestions as you build integrity within your leadership team. They are aimed at integrating Integrity within the organizational culture. You must address “the way we do things here in company x”, or the norms governing how people make decisions each day.

- Integrity starts with the Board of Directors who develops an ethical practices statement and demand adherence. Violators must be publicly admonished similar to what Jack Welch did at GE.
- Insure these practices flow easily throughout the culture and are embedded in the formal and informal company practices
- Stop the scoundrels at the gate – when recruiting leadership positions, use new approaches to reviews and assessments designed to surface integrity issues. Bristol-Myers, Pfizer

and smaller companies such as Spartan Stores are using innovative approaches to filter out candidates with Integrity issues.

- Put Integrity components in compensation/incentives programmes for all, not just executives.
- Communication between leaders and people in the organization deteriorated despite polished multimedia techniques. Your message may be lost in the technology. Tell stories about authentic leaders at company meetings, publish them in company newsletters. Tell them about company performance. Avoid fancy slides, just tell them the facts.
- Leader development programmes must include a first course/seminar in Integrity.
- Be seen by your people. Let them see and talk with you in a relaxed place. If you “hide” in your office, it’s difficult to build Integrity.
- Turn bureaucracy on its head.
- Establish a “safe-haven” permitting employees to surface integrity problems without fear of retribution.
- Tough decisions always challenge Integrity. Such times require courage to do the right things. Don’t waste time over analyzing. Embrace integrity and you’ll know what to do.
- No more “yes men/women”. Surround yourself with trusted people with diverse viewpoints who tell you what they really think about your ideas. Building Integrity takes time and continuous vigilance to maintain.

These guidelines are not conclusive. We don’t know your business context. But if you follow these you will be off to a good start. □

This is a summary of the first chapter of “Simple Stories for Leadership Insights in the New Economy” published by University Press of America. The authors are Jeannette Galvanek and Ed Konczal.

You can order *Simple Stories for Leadership Insights* from [amazon.com](https://www.amazon.com)