



Unit 5

Business Ethics and Leadership Essentials

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Apply the best methods for creating, leading, and managing your own business
- ✓ Establish an organizational framework through operations, finance, and leadership
- ✓ Set up an effective and efficient system for hiring, retaining, and succession planning
- ✓ Start researching and designing your strategic plan
- ✓ Describe the essential elements of marketing, sales, and your company brand
- ✓ Apply financial and accounting terms correctly

Unit 5

Business Ethics and Leadership Essentials

Are You Ready?

If you choose to develop an office code of ethics, it must be more than just a statement on the wall. It must truly be a code that you do business by. You must be prepared to change some of the ways you do business. You must also be prepared to commit to those ethics for a code to succeed. You must be willing to look for staff who commit to these ethics.

A code of ethics, when properly implemented and followed, can have the following benefits.

- **Happier employees:** A code of ethics can relieve tremendous pressure on employees by giving them a moral compass that they can make decisions by.
- **More consistent decisions:** If everyone knows the company's standard of right and wrong and commits to it, decisions made within the company are more likely to
- **More committed employees:** An ethical office environment will likely produce more committed, loyal employees.

In summary, when developing a code of ethics, make sure you and your company are prepared to live by it. Make sure input is obtained from everyone, even if it's just through a survey. And make sure people are committed to it; otherwise, it's just another piece of paper on the wall.

Sample Codes of Ethics

Let's take a look at some sample codes of ethics. As we're going over them, try to think critically to prepare yourself for some discussion.

The Ten Commandments

1. You shall have no other gods before Me.
2. You shall not make for yourself a carved image—any likeness of anything that is in heaven above, or that is in the earth beneath, or that is in the water under the earth.
3. You shall not take the name of the Lord your God in vain.
4. Remember the Sabbath day, to keep it holy.
5. Honor your father and your mother.
6. You shall not murder.
7. You shall not commit adultery.
8. You shall not steal.
9. You shall not bear false witness against your neighbor.
10. You shall not covet your neighbor's house; you shall not covet your neighbor's wife, nor his male servant, nor his female servant, nor his ox, nor his donkey, nor anything that is your neighbor's.

(Source: The Bible, Exodus 20:1-17)

Rotary Four-Way Test

Of the things we think, say, or do:

1. Is it the TRUTH?
2. Is it FAIR to all concerned?
3. Will it build GOODWILL and BETTER FRIENDSHIPS?
4. Will it be BENEFICIAL to all concerned?

(Source: <http://www.rotary.org/en/aboutus/rotaryinternational/guidingprinciples/pages/ridefault.aspx>)

Minnesota Principles

Proposition # 1: Stimulating economic growth is the particular contribution of business to the larger society.

We understand that profits are fundamental to the fulfillment of this function.

Proposition #2: Business activities must be characterized by fairness.

We understand fairness to include equitable treatment and equality of opportunity for all participants in the marketplace.

Proposition #3: Business activities must be characterized by honesty.

We understand honesty to include candor, truthfulness, and promise-keeping.

Proposition #4: Business activities must be characterized by respect for human dignity.

We understand this to mean that business activities should show a special concern for the less powerful and the disadvantaged.

Proposition #5: Business activities must be characterized by respect for the environment.

We understand this to mean that business activities should promote sustainable development and prevent environmental degradation and waste of resources.

(Source: <http://www.cebcglobal.org/index.php?/about/the-minnesota-principles/>)

Asimov's Three Laws of Robotics

1. A robot may not injure a human being or, through inaction, allow a human being to come to harm.
2. A robot must obey orders given to it by human beings except where such orders would conflict with the First Law.
3. A robot must protect its own existence as long as such protection does not conflict with the First or Second Law.

The Critical Elements of Customer Service

There are really just six elements of customer service.

- A customer service focus
- Defined within your organization
- Given life by the members of the organization
- Be a problem solver
- Measure it
- Reinforce it

Test your Knowledge

Service is a philosophy—not a department, a program or a policy.

Service means meeting, not necessarily exceeding, customer expectations.

Service is not always natural, automatic, or coincidental.

The Remaining Elements

Critical Element Two: Defined in Your Organization

Standards are helpful because they let us know what is expected of us. They also tell us what we have to do in order for our work to be considered satisfactory by our supervisors or managers.

Standards also need to meet the expectations of our customers, while still being reasonable. The customer may feel that the phone should be answered on the first ring, but the company may have a standard of two or three rings. Since this is pretty close to what the customer expects, it might be considered close enough. However, we should make certain that our standards are meeting or exceeding the expectations of our customers. The only way to do this is to ask our customers, on an ongoing basis, if they are satisfied with the service.

In order to meet expectations, we need to know what the standards are. Here are some sample standards.

- If customers ask to have their repairs completed in 24 hours, and your standard turnaround is three days, you have to be clear on what you can do.
- If employees are driving company cars that they sign out as needed, a standard may be that the car is returned with a full gas tank.

If you have not set standards yet, perhaps now is the time to do so.

Critical Element Three: Given Life by the Employees

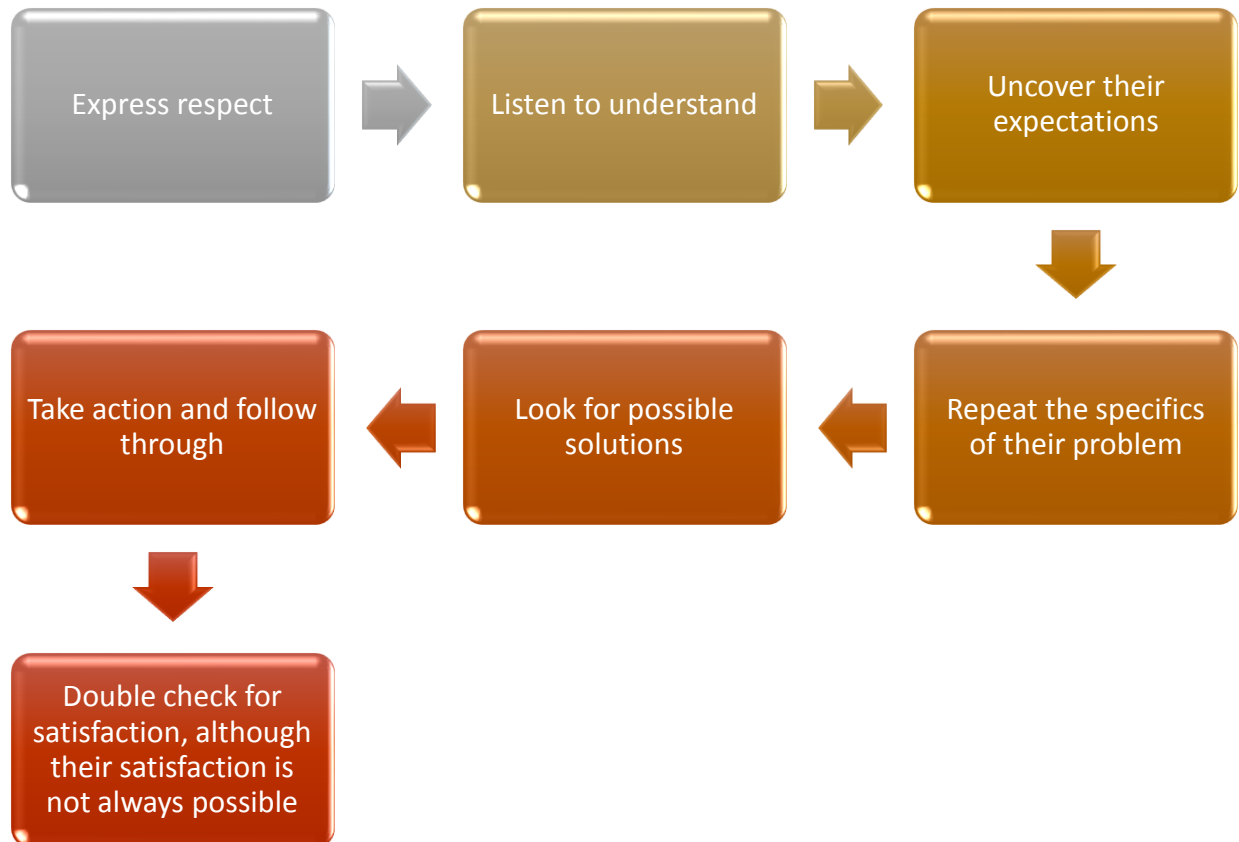
If we make a commitment to providing excellent customer service, that commitment must be demonstrated by all of our employees, from the front line people right up to the CEO. When the commitment is only demonstrated by some employees, our customers will sense that there is a gap and their experience with the company will be diminished.

Critical Element Four: Be a Problem Solver

Conflict occurs when the emphasis is on the differences between people. The more divided you seem to be, the more differences there are. You get along better with people when the emphasis is on similarities. The difference between conflict with a friend and conflict with a difficult person is that with

a friend, the conflict is tempered by things you have in common. Obviously, then, maximizing common ground and minimizing the areas of difference are key steps in reducing conflict.

Instead of managing through conflict, we want you to solve problems. Here is a great process to solve problems for customers and to achieve solutions.



(A note on Step Three: Ask them what they really want! Sometimes it is not very much and it is easy for you to meet their needs.)

Critical Element Five: Measure It

Wouldn't it be great if all of our customers were happy and we didn't have to deal with complaints or problems? The only way to know what's really going right and wrong is to measure regularly.

You can measure a particular service or product in great detail. Follow up with customers and ask what's working, what can be improved, and how much they like it. Also ask them what could be done differently to develop options. Then assess the advantages and disadvantages to determine whether it makes sense to make changes.

Critical Element Six: Reinforce It

Once an organization decides how they are approaching customer service and makes a commitment to their processes, they must live up to the expectations that they have subscribed to. Just as important, those practices must be reinforced.

If you are receiving pay (whether it is hourly, salary, or by commission), then you are getting paid to do your job. That is often enough external motivation to deliver what is expected, when it is combined with internal motivation. Sometimes companies will put enhanced reinforcement in place by doing things such as:

- Having customers complete a survey about the service they received
- Having supervisors observe when we do good work and provide some kind of recognition
- Celebrating when targets are met, like an increase in returning customers

All of these activities are a way to reinforce our commitment to providing excellent customer service. They reflect the relationships we build within the organization and with our customer base.

Developing and Maintaining Relationships

Relationships are the key to a functional, positive customer care team. There are several important concepts involved when developing and maintaining relationships with your team members and your customers.

Clear Expectations

Every partner in a relationship has certain expectations of other partners. Most expectations remain unspoken until they have been violated. One way to develop and maintain effective relationships is to make your expectations of one another clear.

Recognizing the Reciprocal Quality of Relationships

We can use the reciprocal nature of our relationship with others to establish interpersonal cooperation and trust. Remember two clichés: “It’s a two-way street,” and, “You only get back what you give.”

Understanding Different Communication Styles

We can communicate more successfully with others and establish more meaningful relationships if we not only understand others' styles, but can also attune our styles to theirs in a complimentary way.

Recognizing the Power of Your Behavior

The better you are at connecting with other people, the better the quality of your life. Is there a natural talent for getting along with people, or is it something we can learn? The truth is that it’s a bit of both.

Likeability Works

No matter what you do or where you live, the quality of your attitude determines the quality of your relationships, not to mention just about everything else in your life. The good news is that attitudes are yours to select. And if you are free to choose, why not choose a really useful attitude?

In face-to-face situations, your attitude precedes you. It is the central force in your life; it controls the quality and appearance of everything you do. In telephone communication, you have to work a little harder to overcome the absence of body language. When communicating electronically, you have to be able to overcome the absence of tone of voice. Are your people ready and capable to communicate in any situation?

Training Employees for Success

Why Continuous Learning?

You might be of the opinion that you have a business to run, and people need to take responsibility for their own learning and do it outside of work. There is merit in that argument, but we want to share the idea of **learning organizations**, as written about by Peter Senge in *The Fifth Discipline*. In it, he writes that one of the most compelling factors in support of continuous learning is the rapid pace of change we face today. Technology is evolving continually, corporate structures are frequently reshaped, and job responsibilities are always shifting.

Translating learning into productivity involves several steps:

1. Understand how learning takes place, so that you can understand the most effective ways to learn.
2. Identify critical areas of responsibility.
3. Develop goals.
4. Intentionally transfer skills and tools learned back to your workplace in a relevant and meaningful way.

Learning involves two important factors: **willingness** and **ability**. If you have boundless opportunities but no desire to assimilate the information, real learning won't take place. Similarly, you can be eager but lacking in the appropriate skills; again, the opportunity will be lost.

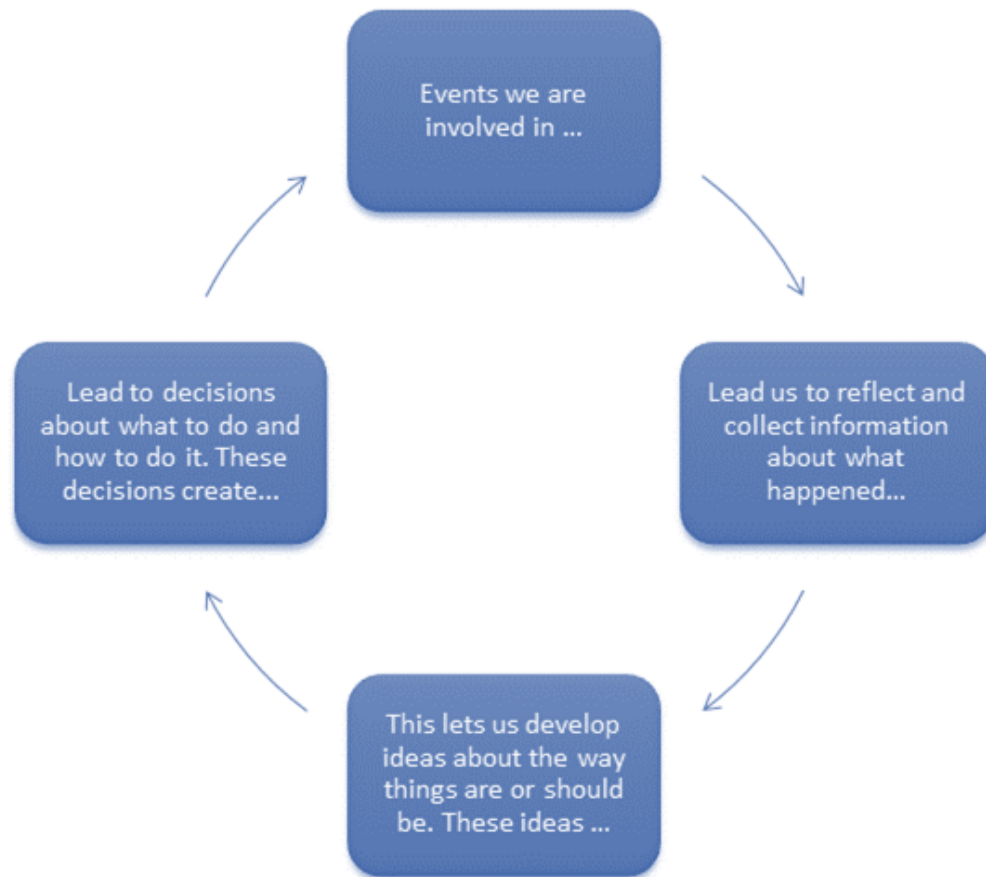
Your success at learning depends on **attitudes** and **experience**, too. Is continuous learning marked by opportunities or obstacles for you? If learning is not a priority for you, it likely is not going to be a priority for your people either.

While many people say that they learned most or much of what they needed from a mentor or a good boss, there is also value in a solid education that helps us to separate what's good from what's not so good. If the only managers you ever worked with had no interest in helping you develop your skills, you learn nothing.

Instead of thinking of training as taking you away from your work for two or three days at a time, we are going to challenge you to **see training as a way to look at your workplace through a different lens**, and to see learning as a way that people experience other points of view. We're not suggesting that you have to apply every theory that you learn, but we do know that adults learn in predictable ways, and that the way you train them (or hire a trainer to provide training) has a big impact on what they retain.

Steps in the Learning Process

When you are learning, the process can seem complicated and confusing, but there are really only four basic steps in learning. These four steps occur time after time, each one building on the earlier ones. If you understand these four steps, you control one of the basic keys to increasing your ability to learn, both in workshops and in real life.



Test your Knowledge

How will the cyclic nature of the way we learn impact your influence as a business owner?

Coach’s Style

Coaches are able to blend supporting people and directing tasks. This is available to a leader when employees understand what is expected, but need some range of support in order to take independent steps and make things happen. A coach’s style has a high degree of involvement in directing tasks, with an equally high emphasis on supporting people.

Supporter’s Style

This style encourages people to come up with solutions and solve problems on their own. It provides them with the support they need in terms of tools and resources. The supporting style shows a low degree of directing tasks and a high emphasis on supporting people.

Delegator’s Style

Delegating means that the delegator holds responsibility for results, but that the work is done by others. We delegate to individuals who have high levels of related skill and the experience it takes to locate their resources and tools. Then they can report to the delegator at defined intervals. This style is one with a low emphasis on directing tasks, and an equally low emphasis on providing people support.

Understanding Your Comfort Zone

Where is your current comfort level...

With your current direct reports (or colleagues, committee members, etc.)?

With one staff member that you may be having problems managing?

On a project that you are currently a part of?

We all have a comfort and ease with one style, but there are times when staff performance, our own confidence, or a crisis demands that we behave differently.

When new people join the team, they understandably will need a level of **direction** that can be quite high and will leave little time for supporting people. As they gain skill and confidence, the leader can progress to a **coaching** style where they are still directing tasks but also able to offer additional support. As the employee makes progress, the leader provides more **support** and less hands-on direction until the direct report has the ability to accept **delegated** tasks.

This process can be cyclical. For example, a team that you can easily delegate to might go through a significant change or have a new system being implemented. You might have to start again with directing behavior before moving on to coaching, supporting, and then a return to delegating. It might look like this:



We also might encounter structures that do not allow us to delegate, which can be a tough job for someone who is a capable and effective delegator.

Managing Performance

When you consider different aspects of leadership, you can learn from the insights of global business leaders and research in order to make your own foray into leadership as effective as possible. One of the areas that many business owners and leaders struggle with is **performance management**. We are very good at identifying the things that people do wrong (or the gaps in their performance), but we may not be as good at recognizing their success. For example, if you complete a project and 90% of the work is exceptional, a typical manager will ask why you missed the other 10%.

Instead of looking for gaps and managing performance from a negative perspective, think of our job as leaders as one to **help people do more and do better**. **Empowerment** means that leaders make sure that people have what they need to do their work, while still being accountable for what they do. Often, leaders will congratulate themselves when things are going well, and then look for people and outside factors to blame when things are going wrong. This is unfortunate, and a sign of how our egos can stop us from being truly effective.

In Jim Collins' bestseller *Good to Great*, he talks about **humility** in leaders. Humility allows a leader to realize that it's not about him or her; leadership is about making sure that people have what they need in order to do their best work. Humility is best demonstrated by action – and not the self-serving kind of actions either! Humility is doing what needs to be done without fanfare. It's not demonstrated by updating social networking sites and bragging about the things that you have done.

Test your Knowledge

What kind of performance manager are you?

Do you look for gaps and apply negative pressure to your employees to get more out of them?

Or are you focusing on what is going right in order to build on those successes?

Further Reading: