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Musings

#43: Serving as an Ethical Beacon **May 4, 2020**

Unfortunately, we live in a world where some individuals do not have the right moral compass. For a variety of reasons, they can make bad, unethical decisions.

As a leader, you have to reduce this risk as much as possible. You can't eliminate it, human beings are fallible, but you can manage it.

Make clear from "the top" that cutting corners will not be allowed. You have to act swiftly and move someone out if they cross the line – even if they are a good performer. This is what happened with the CEO of McDonalds, Steve Easterbrook. By all accounts, he was doing a good job. However, he violated the company policy on workplace relationships (consensually) and he was gone. Kudos to the McDonald's board. This is one area that can't be gray.

The leader sets the tone and must always operate with straightforward honesty and fair dealings internally and externally. Especially in larger organizations, there can be a lot of "positioning" where facts get shaded and eventually may become misleading. Don't let that happen.

Bad decisions aren't just illegal ones, or ones that violate company policy. There are some decisions which just aren't right. For example, if you are engaged in merger discussions, you can't "retrade." Once you have given your word, you must keep it. Others are watching you as the leader. Business is done between individuals and you must have trust to be successful.

This is one of the real negative impacts of today's political class. They all lie. Whether it is Bill Clinton saying he did not do anything with "that woman" as he waved his finger or Donald Trump's constant embellishments and alternative facts. We need business leaders to be our moral beacon.

You can manage the risk of others by setting up the right procedural mechanisms such as an internal audit department that reports directly to CEO or Board, recording phone calls or videotaping customer interactions, and doing unannounced spot reviews. The best protection is establishing the culture so one employee with tell the other employee to stop before a line is crossed. Think of Wells Fargo. Something definitely got off the tracks there for hundreds of employees to open up false accounts to hit sales quotas. The CEO deserved to be fired.

If you are in a regulated business, you must be absolutely transparent with your regulatory bodies. Think how bad the Boeing emails were about the FAA – unacceptable. I am not saying Jim McNerney knew anything about them but obviously there was a culture in that part of the company which allowed the individuals to feel they could type those emails.

Be safe. Do what is right.