

LEVINE ON LEADERSHIP

# It's not if, but how, on teaching business ethics

I recently attended a conference at Pepperdine University for 70 directors of publicly traded companies. People were expressing frustration with regulations, Sarbanes-Oxley, etc., and I found myself agreeing with them – the cost, the legal fees, the hoop-jumping all distract from the real work of adding value for shareholders.

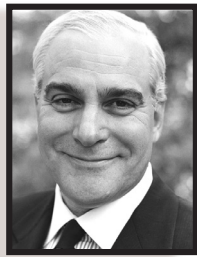
And when I arrived home, a new corporate scandal broke, piercing the illusion and reminding us that ethical behavior is as much a business imperative now as it was then.

We must figure out a way to do business with integrity. For me, that starts by training the people who work for us.

Maybe you're one of the people who believes ethics can't be taught. I challenge you to consider just the opposite – it *must* be taught. However, MBA programs and training directors resist introducing such skills to the curriculum, because of the great business myth that they can't be learned.

Recently, I delivered an ethics class to a group of leaders from across Long Island. The feeling in the room was profound, the discussions real and compelling. I was reminded that the dramatic majority of people *want* to do what's right and that it's our job as leaders to make sure they know what that means. People need to know exactly what you mean by doing what's right and leading with integrity.

Here are a few specific ways we challenge people:



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*Create a personal code of ethics*

Encourage people in your organization to create a personal code of ethics and give them an opportunity to do it in a focused environment – a class or a seminar off-site. I drafted mine one day when preparing to deliver a leadership session, and I have never forgotten it. It's a simple list of core values that includes family, integrity, creating honest value with my work and a couple of other things. They are non-negotiable for me. When I'm faced with a complicated moral decision, I consider my code of ethics.

*Define the problem or question in clear and specific terms*

I tell students to distill their moral dilemma down to a question. For example, "I can either keep quiet about this accounting practice even though it makes me uncomfortable, or I can talk with my boss' boss. Which will I choose?" The act of phrasing the problem in the form of a question puts a fine point on the issue, clarifying it further.

*Get input from one or two trusted colleagues*

Quality input from people who share your values is irreplaceable. Therefore, choosing to surround yourself with ethical people is the single strongest choice an executive can make. These are the people you would want with you in a foxhole – the ones you can trust without reservation. Whether I'm working with CEOs or

students, I recommend that they talk through the issues with one or two trusted colleagues who share their basic values.

*Have courage*

In my experience, when someone has defined his or her personal values, analyzed the challenge and gotten input from likeminded people, the person knows what he or she needs to do. This is the moment at which he or she decides to actually do it and that takes moral courage. A good course can help develop this, but as leaders, our responsibility goes deeper. We need to demonstrate moral courage in each choice we make and ensure that our organizations promote that courage by rewarding it whenever we see it.

The payoff for ethics training goes far beyond the obvious benefit of protecting your business from poor judgments. People who act in accordance with their values feel better about themselves and more confident. Organizational confidence gives you a serious edge when confronting competitors in the marketplace and innovating new ways to deliver truly outstanding value to shareholders and customers. And on a more personal level, you'll sleep better at night secure in the knowledge that your employees understand what you expect.

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