

LEADING WITH INTEGRITY

Bill O'Rourke

There are myriad opinions on what distinguishes a great leader from others. Some believe it is the leader's vision; others suggest it is focus or perseverance or the ability to motivate. Some attribute leadership success to intelligence or experience. Leadership encompasses all of these factors and more, including the unique ability to adapt these attributes to constantly changing situations. However, when I reflect on leadership, I personally believe that the foremost quality that distinguishes an enlightened leader from others is integrity.

I was blessed to have a varied, challenging, and rewarding career. After my time in the U.S. Army, I went to work for US Steel Corporation as an industrial engineer while attending law school. Upon graduation, I was hired by Alcoa as a patent attorney, a job I thought I would have for my entire career. Along the way, I was presented with opportunities that expanded my role and increased my responsibilities. I was encouraged to step out of the legal arena and run the corporation's Procurement function, where more than 750 professionals in 400 global locations purchased more than \$18 billion in goods and services annually. I was challenged to hold the roles of corporate auditor, chief information officer (CIO), and head of Alcoa's Environment, Health, Safety & Sustainability function. From 2005 to 2008, I was selected to be the president of Alcoa-Russia when Alcoa acquired two enormous, 50-year-old manufacturing facilities in Russia.

Alcoa, founded in 1888 in Pittsburgh, grew in size and reputation after Paul O'Neill became chief executive officer (CEO) in 1987. Under his 13-year tenure, it grew to \$34 billion in revenue from 400 global locations, with more than 140,000 employees. During this time, Alcoa became known as the safest manufacturing corporation in the world because O'Neill made safety a true value in the company. He adopted a "vision" that "Alcoa aspires to be the best corporation in the world." This vision drove dramatic improvements in alloy development, transportation, waste reduction, quality, employee engagement, and customer service. The environment was challenging and the work was rewarding. Employees were not only safe, they were proud.

I believe the above introduction is helpful in my discussion of leading with integrity. Paul O'Neill is the most enlightened leader I have ever known, and I believe that having the opportunity to work under him was very fortunate for me. Being able to observe great leaders and learn from them is better than any formal education.

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When I reflect on the diverse positions I held at Alcoa, I believe that I was presented with those opportunities because I exhibited integrity. For instance, when I was offered the CIO position, I did not have prior technology experience. But I believe I was trusted to learn, to set appropriate priorities, to communicate honestly, and to get results. That trust is rooted in integrity.

Imagine the leadership challenges of assuming the presidency of Alcoa-Russia. I had some orientation and learned that the two manufacturing facilities that Alcoa had acquired had been neglected since the late 1980s. These facilities were huge. The plant in Samara, Russia sat on 388 acres, had 129 buildings, 8,200 employees, the largest forging press in the world, the largest extrusion press in the world, and almost the largest four-stand rolling mill in the world. The other plant in the Rostov region was almost as large. The facilities were in disrepair. The product lacked quality. There was no process or system for pricing or for compensation. Relationships with the customers and the communities were poor. As for safety, the employees did not wear any protective equipment. The incident rate was 10 times higher than the Alcoa average, and these two plants averaged five fatalities per year for 50 years. Where does anyone start?

I followed Paul O’Neill’s lead and led with safety. My hope was that if we could get safety right, everything else would follow. Protective equipment was acquired for the employees; 8,000 employees were trained in safety the first year; routine safety briefings were required for all workers; and housekeeping programs were instituted (40,000 tons of steel scrap was removed in the first four months). The first full calendar year that Alcoa was in Russia (2006), there were no fatalities,

and today these facilities have gone seven years without a death. The Alcoa-Russia safety incident rate is now better than Alcoa’s global corporate average.

I believe that a focus on safety is rooted in integrity. By honestly caring about the welfare of the employees, a leader will put programs and systems in place to ensure that every employee returns home in the condition they came to work, risks are mitigated, safety conduct is audited, and leaders insist on safety as a value.

In 2015, two business ethics professors from Brigham Young University (Dr. Brad Agle and Dr. Aaron Miller) invited me to join them in writing a book, *The Business Ethics Field Guide*. Their research indicates that there are 13 discrete categories of business ethics issues. I was invited to include my ethical dilemmas in a section called “Bill’s Experiences” toward the end of each chapter.

The remainder of this article focuses on four of these categories, adapted from the book.

Standing Up to Power

In this dilemma, a person in a position of power or authority over you asks you to do something that is unethical. Such orders to do something wrong are often clearly understood as being inappropriate, so in this situation there is no miscommunication or mistake. However, the boss has power and authority. Be careful of trying to rationalize the appropriateness of the request (e.g., it must be okay because the boss is asking me to do it).

At one stage later in my career, I was asked by the CEO if I would agree to report to a new CIO who was being hired. She was new to the company and new to the industry. The CEO thought that my direct reporting relationship could assist in on-boarding her to our company and our industry and would give her access to someone who could explain the company culture, processes, and procedures. I agreed and met with my new boss in New York City. We were walking down Madison Avenue at lunchtime of her second day on the job. She saw an expensive purse in a store window and asked me to buy it for her on the company credit card; I

would put the expense on my expense account, and she would approve it. That was incredibly bold. I was rather seasoned in the organization and had more stature than my new boss, so I could tell her rather emphatically that what she was asking was wrong; we don't put personal expenses on the corporate expense account. However, I could also imagine the same situation happening to a new employee, a recent college graduate who was recently married, had a child on the way, and had just entered into a mortgage. That employee needs the job. It would be more much difficult for him or her to stand up to the boss. Taking a stand might put them in the boss's doghouse for a long time. Still, in this situation the employee cannot become a party to unethical conduct.

I have given advice to college students and young employees who might find themselves in similar situations. First, you can claim to the boss that "This must be a test and I'm not falling for it. Nice try, but I know that's wrong." A second option is to repeat the request back to the boss in a slow, exaggerated way in an attempt to make the boss take accountability for the action and hopefully rescind the request. For example, "So, you want me to buy that purse for you, personally, on the corporate credit card, and put the amount of that personal purchase on my corporate expense account, and then you will approve that personal expenditure as a legitimate corporate expense" In any event, you cannot be a party to conduct that is inappropriate. Remember that the excuse "I was just following orders" is never acceptable.

There's another aspect to the standing up to power dilemma, and that's when you are the power. When you are the boss, your employees will often give you more deference than you deserve. Employees will try to please the boss, and in their zeal, they can misinterpret questions as orders. In Russia, I lived in the city of Samara, where there were a lot of stray dogs. These dogs would seek heat in the cold Russian winters. Our plant had a lot of furnaces, and the dogs would linger near them. One morning, as I entered the property with my driver. I commented that I wished there weren't so many stray dogs on the property. Our Board of Directors was going to visit the next week and I wondered out loud, "What would they think?"

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The next morning as we drove onto the property, I remarked to my driver that I didn't see any dogs. He replied "You said to kill them." Gee, imagine my surprise. I should have been more clear.

Conflicts of Interest

Many individuals emphatically deny that they have conflicts of interest. I have learned that those who don't have conflicts of interests are those who have no interest. So, if you have friends or family, if you belong to organizations, there is a potential conflict. Having the conflict is not wrong in and of itself. What is important is whether you disclose the potential conflict and how you handle it. A common conflict arises when gifts are given in a business situation. What would you do if, after signing a large contract with your supplier, that supplier sends you a gift? A good first approach is to refer to your corporate policy. Most companies have a policy that prohibits the giving or receiving of gifts that are more than nominal value. The definition of *nominal* takes some discussion. My advice is to discuss this issue with your supervisor and with peers long before you find yourself in such a situation, so you are prepared to react properly if it happens. (If you are a supervisor, initiate this discussion with your direct reports.) Perhaps you can initiate the discussion with your suppliers, especially suppliers from the Middle East or Asia, where such gift-giving practices are more popular. Explain the policy to them, and suggest that you both refrain from exchanging any gifts rather than create a real or potential conflict. Facing these issues

ahead of time is much better than having to react to the situation. I personally like the policy of the U.S. government noting that nothing can be given or received—zero. The line is clear. If you try to buy a beverage for a government representative, they will give you your dollar back. If you go to breakfast, they buy theirs; you buy yours. It's very clear.

Sometimes, individuals do not realize that a conflict of interest even exists. At one stage of my career, the corporate medical director, an MD, reported to me. He returned from his honeymoon and told me that two of his medical friends, who were also epidemiological consultants to Alcoa, attended his wedding and each gifted him \$2,000. I pointed out their relationship as Alcoa suppliers, and noted their gifts could alternatively be seen as a kickback of \$2,000. He insisted that the gifts were purely personal. We talked for an hour, and finally agreed on the idea that if any uneasiness exists in the situation, it is most likely wrong. He agreed to return the gifts. On reflection, the conflict could have been avoided initially by writing on their invitations, "Based on our business relationship, gifts would be inappropriate. Hope to see you at the wedding."

Skirting the Rules

Rules are a way of life. We're expected to know them. Sometimes, the rules are unclear and some interpretation is required. But most often we know the meaning of the rule. When I was working in Russia, my boss decided to ask his eight global direct reports to gather in my office for our next staff meeting. One week before the meeting, I received a call from one of our employees in Europe, telling me she had neglected to get her business visa in a timely manner. She shared that she could obtain a tourist visa and asked for approval to do so. I explained that she would not be arriving as a tourist and suggested she attend the meeting by phone or Skype.

The morning of the staff meeting, I received a call from the airport authorities. This particular staff member was in Russia, and I was asked if she was here for business or tourism. What would you say? I relayed that she was here for business. The authorities promptly put her in

jail—a Russian jail. I was able to have her moved to a hotel, where I had to pay for an armed guard; and she was escorted out of the country the next morning.

To this day, this employee does not like me, but she respects me. Isn't respect what we seek, rather than popularity?

Repair

We all make mistakes. When we learn from them and understand how to avoid similar ones in the future, we gain experience. Think about learning mathematics. Our errors were usually made because we did not yet fully understand the concept, the formula, or the calculation. Through increased understanding, we improved our math skills and became better in the process. As teachers, bosses, co-workers, coaches, and friends, it is our responsibility to be tolerant of mistakes, to help explain why they were made, and to help others not repeat them.

However, there are some mistakes that are not caused by mere misunderstandings. "Dishonest" mistakes are motivated by ethical failings. These include intentional violations of the values of honesty and integrity; are intended to mislead others; or only reveal a portion of the whole truth. There should be less tolerance for mistakes that are not well-intentioned or innocent.

Regardless of whether a mistake was honest or dishonest, it needs to be repaired. Acknowledge, to yourself at first, that a mistake was made. That admission will usually lead to the conclusion that repair is required. Even if the mistake was honest, admitting it and correcting it is still not an easy process. The admission will expose you to criticism. But the admission, coupled with a sincere apology and an offer to correct the situation, will enhance your reputation in the long run. Avoid the temptation to hide the mistake or to fix it yourself without disclosing what happened. Such approaches usually make the matter worse, result in unnecessary delay, often do not optimize the repair, and could call your trustworthiness into question. If the mistake was a dishonest one rooted in questionable ethics and

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values, the repair will be a lot more uncomfortable, as it should be. Again, avoid the temptation to hide the mistake. Admit it. Apologize sincerely. Be humble. Gain experience, learn, and move on.

In making the repair, it is often best to quickly approach those harmed by the mistake and ask them what repair would suffice. Allowing them to be a part of the solution will most likely optimize the repair and minimize your personal culpability. I see repair beyond one's obligations as more than ethical; I see it as virtuous. I believe that a culture of doing more than required or expected is desirable. Numerous studies show an increase in happiness and satisfaction in those who do more than is required. Whether donating money or time to good causes, helping those who are in need, bringing a meal to a neighbor who needs it, or simply greeting others with a sincere smile, those cited find joy.

Conclusion

I believe it is through observation of enlightened leaders, preparation, and experience that we learn to face ethical dilemmas and make better choices each time. In gathering the facts, we often find that each issue has more than just two sides; often, competing values are involved. But by having integrity and living that integrity habitually, in issues little and big, we have

the opportunity to show the world our true character all the time.

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