

Heartfelt Leadership

How Ethical Leaders Build Trusting Organizations

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About the Author



John F. Levy, MBA, CPA, is the CEO of Board Advisory, a firm that assists public companies, with corporate governance, compliance, financial reporting and financial strategies. John currently sits on the boards of three public companies and three non-profits, serving as Chairman of one company and audit committee chair of another. He graduated from the University of Pennsylvania's Wharton School of Business.



Polling Question #1

In One Word Describe the Best Leader You Have Worked With?

- Please reply via chat or voice.





Three Concepts

- 1) Ethics
- 2) Trust
- 3) Leadership



Case #1

Do You Stop?





Polling Question #2

Worked With Someone Unethical?

- 1) Have you ever worked with someone who was unethical?
 - a) Yes,
 - b) No, or
 - c) I don't know.
- 2) If yes, what did you do?





Ethics

- Ethics is fundamentally about how we treat others.





Identifying Ethical Issues

- Prudential issues
- Legal issues
- Ethical issues





The Golden Rule

- Simple
- Powerful
- Universal





Ethical Prescriptions

- Turn the other cheek
- Tikkun Olam (Repair the World)
- Honor thy father and mother
- Feed the hungry
- Clothe the naked
- Love your neighbor
- Be a good corporate citizen
- Provide a positive work environment
- Be a role model and mentor



Ethical Proscriptions

- Don't harm anyone
- Don't murder
- Don't lie
- Don't pollute
- Don't be jealous of other's success
- Don't hire illegal or underage workers
- Don't break the law
- Don't steal
- Don't practice racial or sexual discrimination





Case #2

The Negotiation





Making Ethical Decisions

- ✓ The front page test
- ✓ The mirror test
- ✓ The lesser of two evils
- ✓ The mom and kids' test
- ✓ The personal test





Trust

The belief that another will:

- Be honest, truthful and candid;
- Stand by what they say;
- Honor their promises and commitments;
and
- Act ethically at all times.





Three Kinds of Trust

- 1) Strategic trust** – Trust that the organization can succeed.
(Missions, goals and strategy)
- 2) Organizational trust** – Trust that the organization is operating properly.
(Policies, procedures and systems)
- 3) Personal trust** – Trust in managers, bosses and peers. (I trust you)

Adapted from *The Trusted Leader: Bringing Out the Best in Your People and Your Company*
Robert Galford and Anne Seibold Drapeau



Polling Question #3

Have You Seen Either: Strategic, Organizational or Personal Trust Break Down?

- a) Yes, one,
- b) Yes, two,
- c) Yes, all three,
- d) No, or
- e) I don't know.



When We Trust

We are:

- Passionate
- Engaged
- Focused
- Efficient
- Committed
- Contagious
- **Innovative**





Why We Need Trustworthy Leaders



Defining Workers





Accelerating Change





Why Have So Many Great Companies Faltered or Failed?



XEROX®



Keep cool!

The salesman writing a hot argument for the Little League made a personal decision for himself, and that's why he's so cool, calm and comfortable. He decided to try a regular size of Xerox Paper. Regularly, hand-drawn by those top-league experts on heating the best... Hart Schaffner & Marx. Regular is an XEROX original, each with features for its 14,000,000 users "winners"...and what could be better? Please to yourself how easy it is to keep cool, too, cool!



HART SCHAFFNER & MARX





While New Companies Thrive?



“The individuals and companies that succeed in the 21st century will be the most innovative.”

- John F. Levy



Courage





Change is Scary





Trust Makes Us Feel Safe





Trust Is the Safety Net





How to Become a Trusted Leader



A Leader Defined

Leaders provide the:

- culture,
- environment,
- values and
- incentives

that foster and encourage change.





Leaders and Managers

Leaders

- Strive for change
- Have and impart a vision
- Set direction
- Power comes from character, accomplishments and personality
- Authority is earned
- Focus on people
- Seek the best talent
- Facilitates group decision making
- Seeks consensus and buy-in
- Sees healthy conflict as a means to resolve differences
- Knows that all change has risks
- Accepts responsibility and accepts blame
- Gives credit to others

Managers

- Maintain the status quo
- Want to accomplish immediate objectives
- Plan detail
- Power comes from hierarchy
- Authority is bestowed
- Focus on tasks
- Hire subordinates
- Makes sole decisions
- Assigns tasks by command and control
- Avoids conflict at all costs
- Seeks to minimize risk
- Looks to protect themselves and blames others
- Takes credit for others



Competent



"I agree you do have drive, ambition and self-confidence, but what we're looking for is competence."



Polling Question #4

Is Trust More Important Post-COVID Than Before?

- a) Yes,
- b) No, or
- c) I don't know.





Be First





Case #3

Leadership Traits





Dependable





Credible

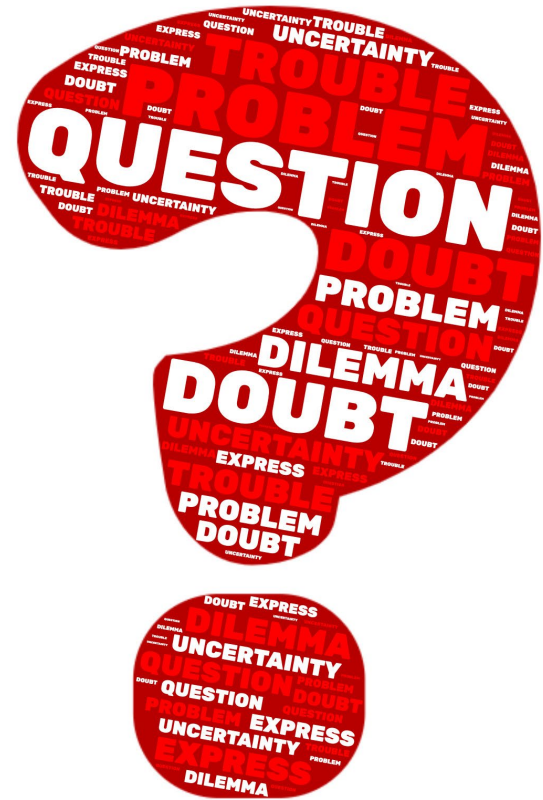




Polling Question #5

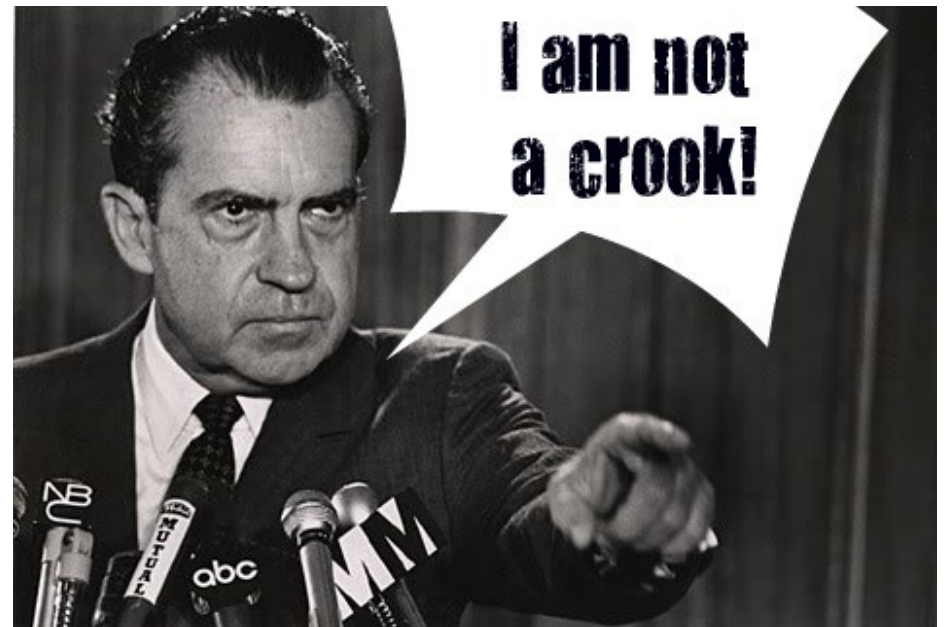
How Many Truly Believe in Their Leader?

- a) Greater than 80%,
- b) 60 to 79%,
- c) 40 to 59%,
- d) 20 to 39%,
- e) Less than 20%.





Honest

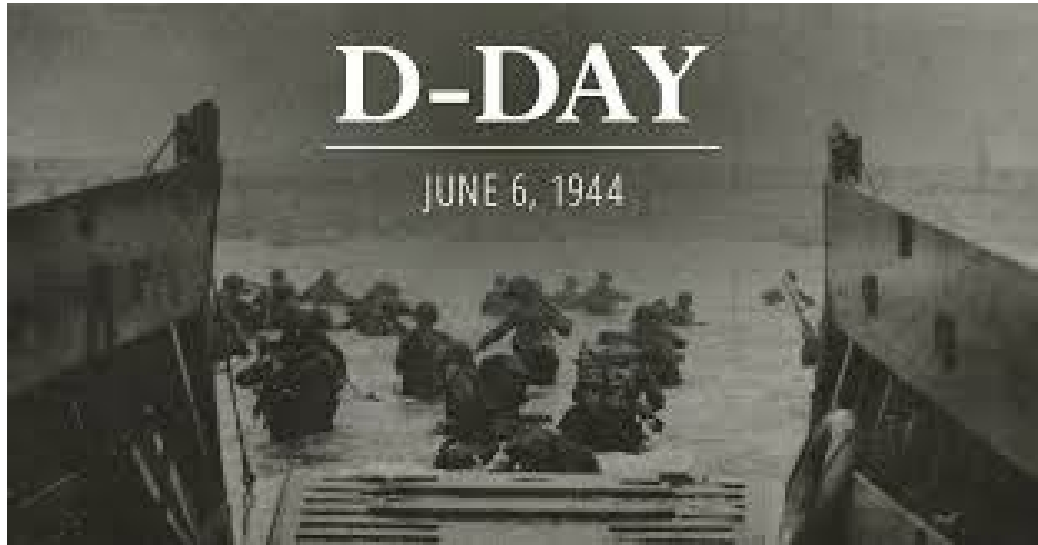




Be Accountable

Our landing in the
Cherbourg - Have our
hours failed to gain a
satisfactory foothold and
I hope ~~with~~ ^{the troops}
with them. ~~The~~ ^{My} decision to
attack at this time and for
was based on the best
information available, ~~and~~
the troops, the air and the
Navy did all that ~~was~~
Reason and devotion to duty
could do. If any blame
a fault attends to the attempt
it is mine alone.

July 5





Facilitate





Question!

Often the question is more important than the answer.

Ask:

- What is, What are, What's Most
- What caused?
- Why and Why and Why Not?
- Why now?
- What if?



“There are those that look at things the way they are, and ask why? I dream of things that never were, and ask why not?”

Dare to look stupid!



Polling Question #6

Are Questions Allowed?

Think of a poor performing organization - are questions allowed?

- a) Yes,
- b) Mostly,
- c) 50/50,
- d) Not often, or
- e) No.





Listening





The Trusting Organization



Focus Forward





Foster Buy-In

Buy-In	Quality Of Plan		
		<u>Mediocre</u>	<u>Good</u>
	<u>High</u>	Good Results	Great Results
	<u>Low</u>	Failure	Poor Results



New Responses

Glass is always half full.



Extreme conditions
require extreme measures.



Build resilience

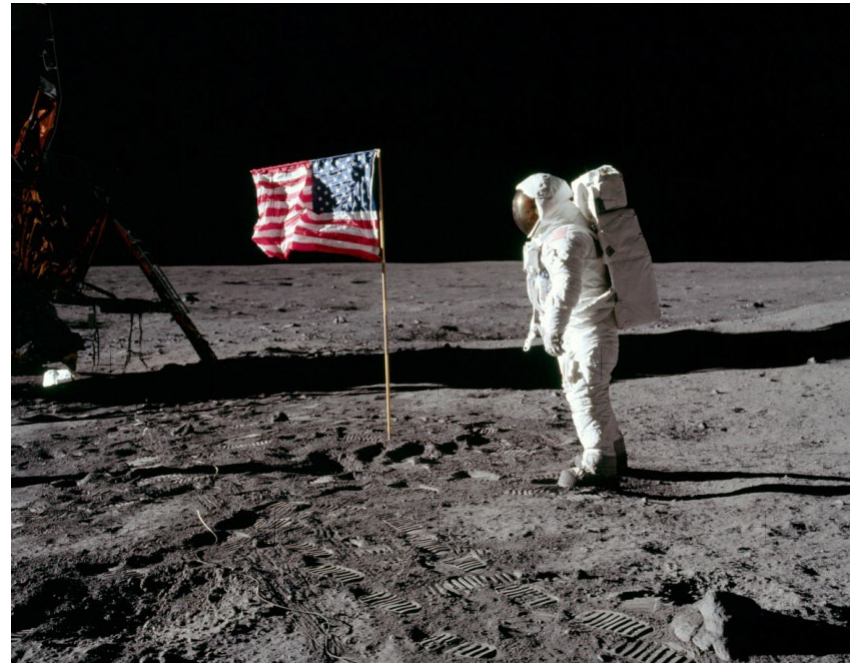


Think growth





Set a Vision



"I believe that this nation should commit itself to achieving the goal, before this decade is out, of landing a man on the moon and returning him safely to the earth."



Hire the Best





Coach

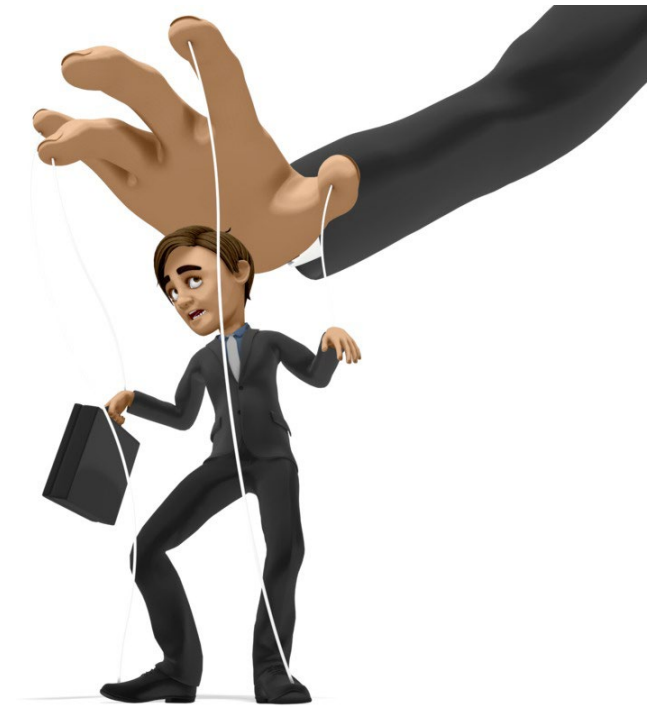




Polling Question #7

Have You Ever Worked With a “Drill Sergeant”?

- a) Yes,
- b) No,
- c) I don't know, or
- d) GRRRRRRR!





Praise





Celebrate Success



and Failure!



Polling Question #8

Comfortable with 'Celebrating Failure' and 'Experimenting'?

- a) Yes,
- b) No, or
- c) I don't know.



Why or why not?



Mirror and Window





One Day



Thank You!

Please share your thoughts and comments.

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Heartfelt Leadership: How Ethical Leaders Create Trusting Organizations

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Case #1

Do You Stop?

You are driving on a two lane in West Texas at 3:00am. The moon is full, and visibility is very good. You truly believe that is no one within 100 miles of you. Literally in the middle of nowhere, then you come to a four way stop-sign.

Discussion

Do you stop at the stop sign?

If you were a passenger in the vehicle, what would you do?

Would it make a difference if another vehicle was coming to the same intersection at the same time?

What would you want your child to do?

Case #2

The Negotiation

You believe you can negotiate a better price with a long-time vendor. After getting nowhere on several calls and feeling frustrated - you tell your long-term vendor that you have another vendor who has quoted a price 20% less than your current cost. You tell your current vendor you are willing to go with them - if they will reduce their price by 10%.

In reality, you do not have a second quote from another vendor. You prevaricated about the second vendor. In poker terms you ran a "bluff".

Discussion

Is there an ethical issue(s)? If so, what?

Is this just clever negotiating or an unethical lie?

What are the legal issues?

Is 'being ethical' the same as 'being right'?

Case #3

Leadership Traits?

Think of those people who have made a positive difference in your life. They could be a mentor, teacher, a religious leader, a boss, relative, a peer, a spouse, a partner or a parent. What outstanding traits or characteristics did they have or exhibit? Are there any common traits?

Now think of a teacher, boss or other authority figure who did **not** have a positive effect on your life. What traits or characteristics did they have or exhibit? Are there any common traits?

Discussion

Discuss individually or in your small groups and be prepared to share your thoughts with the group.

Positive Traits:

Negative Traits:

Case #4

Look in the Mirror

We have discussed a number of traits of heartfelt leaders. Rate yourself on how well you demonstrate these traits in your professional and personal life.

Think about how you might capitalize on your strengths and work to improve your weaknesses.

Discussion

Discuss individually or in your small groups and be prepared to share your thoughts with the group.

Trait	Excellent	Good	Needs Work
Be Your Best Self			
Be Competent			
Be Empathetic			
Be Dependable			
Be Credible			
Be Honest			
Be Accountable			
Facilitate			
Listen			
Think Forward			
Get Buy-In			
Improvise			
Be Positive			
Set a Vision			
Make Hard Choices			
Fail			
Experiment			

Saying Yes				
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Discussion

In what areas are you going to make an effort to improve?

Why? Why now?

What will you do to make this happen? When?

What would you say to the CEO?

Resources

Books and Magazines

Accounting Ethics (Fundamentals of Business Ethics) by Ronald F. Duska, Brenda Shay Duska, and Ronald Duska, Blackwell Publishers, 2003

Anatomy of Greed: The Unshredded Truth from an Enron Insider by Brian Cruver, Carroll & Graff Publishers, New York, 2002

Beyond Religion: Ethics for a New World by Dalai Lama, Houghton Mifflin Harcourt, New York, 2011

The Big Short: Inside the Doomsday Machine by Michael Lewis, W.W. Norton & Co., 2011

Business and Professional Ethics for Directors, Executives and Accountants by Leonard J. Brooks, South-Western College Publishing, 2003

Crucial Confrontations by Kerry Patterson, Joseph Grenny, Ron McMillan, and Al Switzler, McGraw-Hill, New York 2005

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Ethics in the Real World: 82 Brief Essays on Things That Matter by Peter Singer, Princeton University Press, Princeton, NJ, 2016

The Elements of Ethics for Professionals by W. Brad Johnson and Charles R. Ridley, Palgrave MacMillan, 2008

Extraordinary Circumstances: The Journey of a Corporate Whistleblower by Cynthia Cooper, Wiley & Sons, 2009

Forgetting Ourselves on Purpose: Vocation and the Ethics of Ambition by Brian J. Mahan and Robert Coles, Jossey-Bass, San Francisco, 2002

Great by Choice: Uncertainty, Chaos, and Luck – Why Some Thrive Despite Them All by Jim Collins and Morten T. Hansen, HarperCollins, 2011

Good to Great: Why Some Companies make the Leap and Others Don't by Jim Collins, Harper Collins, New York, New York, 2001

Managing Business Ethics: Straight Talk About How to Do it Right, 4th Edition by Linda Klebe Trevigo and Katherine A. Nelson, Wiley & Sons, New York, 2006

Managing Corporate Ethics: Learning from America's Ethical Companies How to Supercharge Business Performance by Francis J. Aguilar, Oxford University Press, Inc., 1994

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Man's Search for Meaning by Viktor E. Frankl, Beacon Press, Boston MA, 2006

Stolen Without a Gun: Confessions from Inside History's Biggest Accounting Fraud – The Collapse of MCI/Worldcom by Walter Pavlo Jr. and Neil Weinberg, Ethika Books, 2007

The 7 Habits of Highly Effective People by Steven R. Covey, Simon & Schuster, NY, NY, 1989

The Smartest Guys in the Room: The Amazing Rise and Scandalous Fall of Enron, Bethany McLean and Peter Elkind, Portfolio Trade, 2004

There's No Such Thing as "Business" Ethics by John C. Maxwell, Warner Business Books, 2003

The Quest for a Moral Compass: A Global History of Ethics, 4th Edition by Kenan Malik, Melville House, Brooklyn New York, 2014

Phone and Websites

AICPA Ethics Hotline – 1-888-777-7077, menu option number 5, followed by menu option number 2, or e-mail at ethics@aicpa.org provides help regarding ethical dilemmas.

Business Ethics Magazine – www.businessethics.com

FBI Corporate Fraud Hotline – 1-888-622-0117

IMA Ethics Hotline – 1-800-638-4427, Ext. 1662 provides help regarding ethical dilemmas.

National Whistleblower Center – www.whistleblowers.org