



Four Principles



by **George Ritcheske**

ABUSES OF POWER and a lack of integrity among business lead-

ers are seemingly rampant. The Enron scandal, the Global Crossing bankruptcy, the meltdown of WorldCom, the Tyco travesty, and the impending demise of Arthur Andersen are creating headlines daily. In light of the public outcry, leaders might re-examine their approach to business. Too much emphasis has been placed on pushing people to achieve bottom-line results at any cost.

We need to become more long-term focused and run our businesses in accordance with timeless principles.

In our book, *True Leaders*, Bette Price and I examine 10 principles of leadership. Four of them are particularly appropriate today:

1. Do what's right and tell the truth. Integrity is essential to building and sustaining a successful business.

Often, companies make promises during the sales process that are impossible to keep. Moreover, a salesperson may fudge or omit facts in order to close the deal. While that approach may "win" the sale, the damage to the reputation of the company makes future sales harder to close. Ethics policies are created to keep the focus firmly on doing the things that will best benefit the customers and stakeholders. When exceptions are made, abuses increase. Ethics policies are nothing unless they are faithfully adhered to, regardless of economic conditions.

Telling the truth is also essential when dealing with the investment community. The sooner a company admits that their results will be below forecasts and provides a plan to address the shortfall, the easier it is for that company to manage the situation without damaging the confidence of investors and employees.

2. Trust is a must. Building effective relationships with suppliers, employees, customers and investors requires the building of trust, and trust is built when a company genuinely cares for these

stakeholders. You need to ask yourself two questions: "Are you being fair?" and "Have you structured the agreement so each side wins in the process?" Trust also requires being trustworthy, being honest, keeping your promises, and fulfilling agreements. All too often, companies focus too much on controlling costs and, in the process, destroy trust with employees and force suppliers to cut corners on quality. These seemingly small decisions ultimately impact the future decisions of customers as they go elsewhere. Trust is built by sharing information, engaging everyone in running the business better, and ensuring that every employee benefits through equity growth.

3. Recognize and build people. People identify with their employer and want to be proud of where they work. In downturns, the wise company builds the capabilities of their employees and prepares for the upturn. They focus on how they can help their people find better ways of doing their jobs while helping them grow in com-

petence, confidence, and character. When people put forth efforts that help the company, they should be publicly recognized for their contributions. A culture of recognition builds a spirit of cooperation.

4. Respect the importance of balance. Every business must find the optimum balance that meets the needs of customers, employees, and investors. If you over-emphasize the needs of any one group, you imbalance your business and accomplish less. True leaders seek the optimal point of balance that produces a product or service that customers need and can afford, produces satisfied and well-adjusted employees, and returns a modest yet steady profit for investors.

When leaders begin with honesty, trust, recognition, and balance, they can build an organization that offers quality products and services, treats its employees as essential for success, and rises above the competition.

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George Ritcheske is an author, speaker and president of TrueLeadCoach, Inc. 92-663-0370 or georg@TrueLeadCoach.com.

ACTION: Assess your performance against these four principles.

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