



EBL in Action

Ethical Business Leadership

As part of Beta Gamma Sigma's **Ethical Business Leadership** initiative, the Society is seeking to spark a global discussion about this issue and its importance to the business community. To that end, members of the BGS Board of Governors have been meeting with corporate executives to discuss this important topic, and to learn what these companies and business leaders are currently doing to ensure ethics is a core part of their business.

One approach that many companies have been taking has been the development of corporate cultures built upon the notion of **servant leadership**. Under this model, company leaders are challenged to serve others while staying focused on achieving results in line with the organization's values and integrity. The Weaver Investment Company of Greensboro, North Carolina, is one organization that has adopted this approach.

Last October, James K. Weeks, Dean of the Joseph M. Bryan School of Business and Economics at The University of North Carolina at Greensboro, met with M. Lee McAllister, Weaver Group President and CEO, to discuss the company's approach to servant leadership and the development of an ethical culture within the organization. The following are excerpts from that conversation.

Jim Weeks: Please tell me a little about Weaver Investment's servant leadership model?

M. Lee McAllister: The way our program works is that we have anywhere from 12 to 18 folks from all of our different companies, across company lines, participate in the first year of a very intensive servant leadership program. The cornerstone of the program is 360 degree feedback that each participant gets from nine of their peers, subordinates and bosses. And then based on that feedback they come up with an action plan. These are actionable items that are put in place in order to change the behaviors that had been indicated on the 360 feedback.

And then, (for additional accountability), we have what is called a CIP Panel, a Continuous Improvement Panel, made up of folks who have already been through the first year of servant leadership. This is an ongoing program for us. We're working on our fourth group now. We've had 60+ people go through this and we'll continue on until we go through our entire organization.

It's really sort of a holistic approach in that not only do you have the CIP Panel, but you also have your peers, subordinates and bosses holding you accountable; you've got yourself holding yourself accountable; and family and friends if you involve them and most folks do interestingly enough, which is not necessarily required per se.

JW: So it's a program that internalizes for individuals their development and growth. Is that a fair summary?

MLM: Yes, and interestingly enough, this type of culture and this leadership development is not for everybody. And we recognize that. So this is voluntary. We've yet to have anybody say they don't want to do it. However, we have had a number of people, and I'm talking about high-ranking people in our various organizations, that have gone into this and just could not adapt to this kind of culture. And they basically have resigned. We had one of the top

MLM: Yes, but on the ethical side, all of it is cultural development and it is a very powerful tool. For example, we just had someone falsify an expense report and if we hadn't been in servant leadership the conversation with him would have been much more difficult than it was. Once we discovered this, it was a very simple, straightforward conversation.

The powerful thing about it was that he also knew he had to go. We didn't have to say, "And therefore you're fired." He knew what the consequences were because we had created this culture. So

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M. Lee McAllister
President and CEO, Weaver Investment Companies

people in one of our biggest operating companies, the top guy, who stepped down and left. He had a military background and this culture just didn't fit. Very sharp guy, great manager, but he just couldn't wrap his mind around the notion of serving others.

JW: So it was not an issue with him or others that they were not ethical business leaders, but how it was manifested in your organization – in your culture and in your practices.

there wasn't a lot of discussion about, "Give me a second chance." Or, "it really wasn't that bad." Or anything along those lines. He knew what he did was wrong, he knew that his high rank wasn't going to get him any leeway, and he eliminated himself.

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We have our code of conduct on poster boards at all of our companies including this company. And we've got little wallet cards which have that on it.

So people are very familiar with this code of conduct. We've had company meetings that have been solely for the purpose of discussing the code of conduct, and we have new employee orientation that has a piece of it that is just totally for the code of conduct. Most of our employees, you'll find carry these cards, these little plastic cards that have our code of conduct on it. The interesting thing about that is what it has evolved into. When individuals see a coworker, superior or subordinate that is violating the code of conduct, they will simply just hand the person the card. It's extremely powerful because it speaks volumes without anybody saying a word.

JW: Do you ever get carded?

MLM: Yeah, I have been carded. In fact I was actually carded for gossip one time. Interestingly enough, I was talking about somebody else when somebody threw their card down. As a matter of fact, there are occasions now where I hear about people who have just reached in their pocket and pulled out a card and somebody will just stop doing whatever it is they're doing. That's become a great tool for us as it relates to fully trying to drive what I would characterize as ethical behaviors.

JW: What was the process that resulted in the company, or you, or whoever was involved deciding on servant leadership?

MLM: I think the real driver for me was that I had come from a background

where I was president of a company that was in the home building business. And so it was easy for me because it was one business, and it was just a typical home building business. Although it was a large home building business, it was easy for me to understand how people were feeling. It was easy for me to touch base with all different levels.

When I got here and we started acquiring companies, I realized that I didn't have that same feel. I couldn't have that same influence because these companies were in other buildings, often in other cities. I was very uneasy about that. I thought we needed to do something to drive all these people together; to create a single mindset as this relates to how we treat people.

JW: How is servant leadership part of the hiring and screening of potential employees?

MLM: We now have a panel of employees who actually interview the candidates applying for executive level positions in our company. And it's all based on this whole open, honest environment that we try to operate in.

We just hired the individual who will be the No. 2 guy in one of our operations here in Greensboro. He actually went through two of those panel interviews. The candidate had a panel of employees made up of sales and management and all of that. And then he had a panel interview with warehousing, operations, logistics, fulfillment, settlement truck drivers, storage, warehousing of product, etc.... and he was told that up front during the interview process. This is a big hire for us. And it was interesting, this person who is a very seasoned guy actually, had an MBA from University of Georgia, was all for it. He was fine with it.

JW: Have you done any training of the people that are on the hiring panel?

MLM: No, what we have done is that we have asked them to treat this like a CIP, Continuous Improvement Panel. And they know what the mindset is, because they've all been through a CIP panel. And a lot of them have sat on both sides of that panel. They've come to that panel with their work and they've sat on the other side and they've evaluated the people who have come to them with their work. And we tell them that and they know exactly what that means.

JW: How well have your efforts worked? There's no question in your mind that servant leadership has worked for your company?

MLM: You know, I love to question everything that I do and that others do. There are often times that I question if we're doing the right thing here or not as it relates to the amount of time, energy, effort and money that goes into this. And if I wake up three or four years from now and say, "You know we went down the wrong road for this and this was just a huge waste of time, energy, effort and money," then I will stop. But today, I don't have any evidence of that. And until I do, and I'm open to it, I think we need to keep doing what we're doing.

There are a number of CEO buddies of mine who think this is pretty outrageous and is probably a waste of time and money. But I've got to tell you that when we look at financial results, especially what our two larger companies are experiencing, I don't think there's any question that this cultural development is influencing these positive financial results.



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