

Breslin Column 1-07

## DEATH OF THE HANDSHAKE: LEADER-DRIVEN ETHICS AS AN ALTERNATIVE

I have heard for many years the lament over the loss of “the handshake” that once defined our industry. An unspoken honor system that governed contractor, union, and employee relations more than any contract or attorney ever could. Where did the handshake go? It was not just one great dark cloud that swept away the handshake, but small chips knocked out from the foundations of trust and ethics in business. Now, many years and chips later the costs have become highly visible, as has a general acceptance of “situational ethics” as a price that must be paid if one is to avoid being “rolled”. Must it be this way? Not entirely.

There may be many who think that the words “ethical union or ethical construction” are self canceling. And in the very complex, competitive and unforgiving world of our industry, it often is. Survival in the business now demands that one look over their shoulder at all times because the naïve or trusting pay the price more often than the hardened cynic.

In 25 years I have seen it all, as have you; self-interested leaders, delayed or denied contractor payments, ugly claims, unacknowledged bad specs, brutal sub-contracts, jurisdictional claim jumping, skimpy bid protests, back door PLA clauses, agency false claim threats, specious employee lawsuits or workers comp claims, change orders uncompensated, bid shopping, embezzlement, bloody internal union betrayals, employee mistreatment, general C-Y-A and worse. So what to do in a Darwinian environment that does not provide a direct incentive for ethical behavior and business practice? Everybody bends. Everybody rationalizes. Everybody lives in the gray area. Mine is not a foolish call for perfection or a judgment of others. Simply an observation of an area of business in need of improvement, with a significant potential for economic reward.

Organizational leadership requires alignment with some form of values that you, your managers, employees, and clients clearly understand. So the first question is; what are the values (visible and invisible) at work in your organization? And are ethical practices a part of this? According to the Conference Board, a national business leadership organization, some 75%+ of companies have a code of ethics as a part of their business plan and operation. The question (besides to simply look good) is why?

Well let’s take a quick look at some of the building blocks of ethical behavior;

- Wisdom & Knowledge
- Self Control & Discipline
- Value of Others vs. Self
- Courage & Integrity

What business or union leader would not want an organization populated by individuals who possess these characteristics? Is it a stretch to think that having an organization built on these values might have some inherent competitive advantages? Or even defeat long-standing stereotypes of an industry that does not value ethics?

The primary business benefits of good ethics are trust and loyalty. Now putting a price tag on these is pretty difficult; especially if you stand to lose an opportunity now and then as a result. But truth, trust and loyalty are foundational elements that in absence kill a business' image, relationships and brand. This is a lesson that some unions have had to really consider; when no one wants to do business with you, it is time to take a very hard look at your ethics in policy and practice.

Leadership ethic is most important of all. If leaders cannot display uncompromising integrity and ethics, they simply invite less than that among their employees and associates. For many years as a CEO I made every employee goes through a 360 Review process with every other employee they work with at the end of each year. Everyone anonymously rated each other on sixteen key attributes that we used to define our organizational values. Each person's tabulated summary data was given only to me and the individual only to improve performance. As CEO I was rated along with everyone else; including on trustworthiness, office politics and integrity. I chose year after year to publicly post the entire results of my 360 Review on my door for all to see. Why? I must be both transparent and bullet proof. If not, I am just bullshitting myself at the expense of others. And more importantly, 'leading by example' in the area of ethical practices can have no compromise. This we must teach.

A leader is being watched every minute and every action is a signal of what is acceptable or encouraged. No organization can, in my opinion, create business success and fulfilled, motivated employees with an internal ethical disconnect. A devolving ethic in a union or a company leads to all kinds of discord, conflict, politics and financial impacts.

Also critical to the future of our industry is the coming demographic shift of both Generation X and Y into the workplace. Ethics, integrity and a sense of purpose is valued in most surveys even higher than money by these young and talented prospects. And it is because they have become so cynical at seeing everyone in the public eye talk the talk but rarely walk the walk. Attracting and retaining the best talent will soon have as much to do with 'how you ethically do business' vs. 'how much you pay someone' to do it. Values and attitudes influence performance more than any other factors; what kind of values and attitudes are you recruiting, promoting and training for within your union, contracting firm or agency?

There are proactive steps you can take within your union, company or even our industry. Some basics you should consider might include the following;

1. Identify the values and principles by which you want your organization and your people to be known by.

2. Adopt or develop an ethics policy for your organization or agency that directly supports these values.
3. Include training on it as mandatory for all managers (not only situational ethical policies like harassment, safety, discrimination etc.) that identifies the purpose and benefit to the company or agency
4. Reward and highlight ethical practices by staff
5. Outline and enforce consequences for unethical practices and do not compromise
6. Promote your ethical values, principles and policies as part of your organizational brand, culture and identity to your clients.

Though the handshake may be almost dead, that does not mean that honor and integrity are not still a choice. An individual choice, best influenced by leaders, businesses, unions and an industry that values it.

*(Content excerpted from Mark Breslin's keynote speech to the American Institute of Ethics program, "Ethics in the Construction Industry: The Good, Bad & Ugly".*

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