

# Ethics

## A matter of everyone's leadership

By Rebecca Crichton

**“W**e are all leaders in ethics. It is a responsibility on the part of employees to work through their leaders to resolve issues that cause uncertainty and stress in their lives,” said Scott Carson, president, Boeing Commercial Airplanes.

Solving problems together with their teams is part of what Boeing leaders do daily. In fact, Boeing expects managers to be the primary resource for helping employees sort through all types of work-related challenges, including the ethical questions that inevitably arise in the course of business.

Providing tools and training to help managers in this role is a priority for Boeing's Office of Internal Governance (OIG). The organization's Ethics Web site contains extensive resources designed to encourage regular dialogue between managers and employees about ethics-related matters and to improve managers' skills in holding candid conversations on a range of issues.

As part of these efforts, OIG recently launched “Leadership Matters,” an initiative that emphasizes cooperative problem-solving between managers and employees and promotes personal leadership in creating an ethical and compliant work environment. With an emphasis on collaboration, the initiative encourages all employees to take responsibility for sustaining an open culture and nurturing trust and integrity across the organization.

Ethics experts agree that when leaders listen well and take actions to address ethical issues, employees feel more comfortable coming forward with potential concerns. Coupling these actions with leaders both modeling ethical behavior and ensuring accountability can positively move employees' perceptions of an organization's ethical climate, according to studies by the Defense Industry Initiative, an organization that promotes ethical business conduct among companies doing business with the U.S. government. “Organizations where leaders talk about ethics, model ethical behavior, keep commitments and hold individuals accountable experience an improvement in the overall work environment,” said OIG Senior Vice President Wanda Denson-Low.

Throughout Boeing, there are numerous examples of leaders setting the right tone and working alongside their teams in ways



**PHOTO:** Dennis Muilenburg, president, Integrated Defense Systems Global Services & Support, conducts weekly performance reviews where Leadership Matters plays a central role: “Leaders who consistently demonstrate the leadership attributes, in every situation, improve business performance, enhance customer satisfaction, drive growth and productivity, and increase employee engagement in every dimension.” RON BOOKOUT/BOEING

that reinforce the value of an open culture and a trusting relationship between employees and their managers—two elements that are at the heart of Leadership Matters.

### PARTNERING FOR SOLUTIONS

Mike Bair, Commercial Airplanes vice president, Business Strategy & Marketing, recounts a time when “An employee approached me about a gift his manager had received from a supplier that was more valuable than what our rules would allow

him to keep. The employee had noticed the gift in his manager's office on several occasions, and didn't know how to ask his manager about the appropriateness of his keeping it. The employee wasn't sure of his manager's intent and didn't want to cause an unwarranted problem."

Bair worked it out directly. "The next time I visited the manager, I commented about the nice gift. He responded by saying, 'Yes, I can't keep it, I forgot to turn it in,' which he promptly did. I circled back to the employee and expressed my appreciation for bringing the matter to me first."

Where best to first take a potential ethics issue is a common question for individuals. "Boeing employees should feel confident that they can always contact Ethics when big questions challenge them," Denson-Low said. "But before they reach for the phone, they ought to consider asking their leaders whose guidance is closer at hand to help with the dilemmas they face."

## OPEN COMMUNICATION

Building and maintaining a "foundation of trust" with employees is a vital step for every leader, said Marlin Dailey, vice president for Sales with Commercial Airplanes. "Our teams look to us and our behavior. We need to always act in ways that are consistent with our values and our words. And it's important they see that we take action when they come forward with concerns or suggestions."

Jim Wigfall, vice president, Supplier Management, Shared Services Group, agrees and makes a concerted effort to drive candor deep within his organization. "I encourage my team to establish an open environment with the teams they lead, and I do the same. I'm always willing to listen and want to create an organization that has a communicative environment. I accept any and all types of feedback."

Wigfall also works to maintain that trust with his team by acting on information or concerns passed on by members of his team. When told by an employee from another organization about unethical behavior in that employee's management chain, Wigfall looked into it right away. "There was a problem and we got to the root of it, held the necessary conversations and took the right actions to solve it."



# Tips from Fab

Leland Adams, customer service manager, Boeing Fabrication Emergent Operations North, works out problems between suppliers, engineers and the factory daily.

Adams thinks that "Behaviors can be influenced by the environment either in a positive or negative way. Ethical leadership is the ability to foster a culture where people feel that it is expected of them to do the right thing." His direct reports benefit from his tips for keeping communication open:

**Communication** – Have direct conversations about ethical issues.

**Be a role model** – It is important that as a leader you set the example of expected conduct.

**Accountability** – Set expectations and hold people accountable for actions. Reward ethical behavior and help people avoid compromising their values.

**Inclusion** – When people have the benefit of diverse perspectives, they feel confident that they're making good decisions.

Adams also counsels:

- The right decision is usually not the easy one.
- Just because it is legal does not make it right.
- If it doesn't feel right, it probably isn't.
- Ethics is your integrity; once it is compromised, it's difficult to regain it.

## THE POWER OF INCLUSION

Engaging employees in problem solving and issue resolution—on all types of matters—strengthens the company's culture and improves business results, too, said Shelley Lavender, vice president, Engineering, Boeing Military Aircraft, Integrated Defense Systems. "The culture we want to establish for positive, predictable performance and solid execution is the same culture and environment that will support ethical decision-making in the workplace," she said.

Lavender recalls approaching an employee with a complex, challenging business decision the organization was facing. "It had suppliers, customers and our company funds involved. I had to make a decision. I asked, 'If you were a program manager, what would you do?' Being asked for his opinion changed him. He was different as a result of being included. I was expecting the critical thinking part and how to approach it, but I got a whole lot more. I got a dedicated employee who has stayed connected and shared ideas."

For Chris Chadwick, president, Boeing Military Aircraft, IDS, the same principles of leadership that apply to growth and execution also apply to ethics. "We need to drive ethics and view

**PHOTO:** Lou Mancini, vice president and general manager, Commercial Aviation Services at Boeing Commercial Airplanes: "We have to take care of our customers. The strengths of Boeing are our honesty and integrity—that's our power." JIM COLEY/BOEING

it as a competitive advantage. My goal is to encourage my team to sustain our open culture so they feel comfortable coming forward about anything. It's not just about coming forward when there's a problem but speaking up when employees have good ideas, too."

## SHADES OF GRAY

Sometimes making the right ethical decision is clear-cut and obvious. There are policies that need to be followed and rules and regulations that require compliance. But there are often many more situations that are not so easy to decide. It is the ambiguous issues where manager and employee engagement can be particularly effective.

"My experience has been that it's the shades of gray that are often behind ethical questions," said Nancy Cannon, vice president, Enterprise Services, Shared Services Group. "Few issues

are truly black and white, so taking the time to understand context and, when possible, intent, can go a long way to providing clarity around whether something is an ethical issue or, more simply, a missed communication. In short, our employees are often looking for discernment versus judgment," she said.

Having honest conversations about emotionally charged or ethical concerns can be difficult for both managers and employees. But creating an environment where that trust exists is part of what it means to live the Boeing values.

Said Lavender, "As managers, we think we need to make all the decisions. We need to engage our teams more. That will help the culture we want become a reality. It starts with one person and then another. It's contagious. We need a culture that is open to sharing our thoughts and ideas, but it's all of us who create the culture we want." ■

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# Transparency pays dividends

"There are simple things that help employees feel more valued. Part of that is re-establishing a close relationship with leaders."

*– Ginger Barnes, vice president and deputy program manager, Future Combat Systems*

Integrated Defense Systems Combat Systems (CS) deals with large and complex issues, usually dictated by defense budget cycles. Virginia "Ginger" Barnes, vice president and deputy program manager, Future Combat Systems, moved quickly in early April to address employees' concerns after a U.S. Department of Defense announcement to re-evaluate the production of various military programs, including the FCS Manned Ground Vehicles. After the IDS Leadership Team reported its initial impressions of the budget proposal in an all-employee e-mail, the FCS leadership followed up within 24 hours, hosting a virtual teleconference attended by 2,000 employees. "We went through the facts as we knew them. We told them what we didn't know, we told them about the discussions we had with customers. And we went around the call to all the sites to answer questions," Barnes said. Employees expressed appreciation for being told what happened in such a timely manner.

Barnes sees the situation as part of a broader work environment issue. Long hours, morale and retention issues all affect motivation.

"How do you keep people motivated to keep performing? We keep hearing they want to have those candid discussions with their first-line managers."

To help their first-line managers be better advocates and supporters for their people, FCS conducted two Leaders Teaching Leaders training sessions. "We talked about diversity, work-life balance and customer satisfaction. The whole point is to teach the managers how to deal with those concerns and how important it is to address these things head-on with employees."

The divisionwide approach focuses on employee engagement and empowers people to share what they want to hear from their leaders. "Employee teams have told us how they want to be recognized, how they want to celebrate accomplishments, what they want to do and that knowledge has affected key things in how we operate. There are simple things that help employees feel more valued. Part of that is re-establishing a close relationship with leaders."

*– Rebecca Crichton*

