

**Rutland Institute for Ethics**  
**Values Based Leadership Working Group Session**  
**Ten at the Top/Upstate Alliance Office**  
**124 Verdae Blvd. Suite 202**  
**Greenville, SC 29607 9/12/14**

**Topic:** Maintaining ethics and integrity in the way that employees are compensated and rewarded

**Format:** Facilitated Discussion.

**Senior Executives Present:**

Sharon Day – Sales Activation Group  
Joe Greenberg – Next High School  
Gary Kirby – Serrus Capital Partners  
David Krysh – The Alternative Board Upstate - SC  
William Luce – Performance Payroll  
Michael Mino – Property Boss Solutions  
Salley Ouellette – Golden Career Strategies  
Steve Pelissier – Appalachian Council of Governments  
Angelia Simpson – TCB Corporate Services  
Joe Turner – First Sun Management Corp  
Pam Yates – TCB Corporate Services  
Rick Wells - Business Care of America

**Co-facilitators:**

Dean Hybl – Executive Director, Ten At The Top  
Daniel Wueste – Professor and Director, Rutland Institute for Ethics, Clemson University  
Steve Katz-recorder

There were three questions that guided discussion:

- 1) Do you only focus on results or also on the way the results are achieved?
- 2) Are your organization's mission and vision connected to decisions about compensation and rewards? If so, in what way(s)?
- 3) How does organizational culture come into play here?

As presented on the easel, the major points uncovered were:

- We have to make a profit to stay in business
- How results are achieved is important
- Culture of caring about others
- If we create a good place to work, our employees will be nice to customers
- Ethics and culture can be destroyed quickly

- Relationship building with customers
- Core values are part of the evaluation
- Employees feel they bring effort—company is about results
- Employees face many challenges; how can we keep them productive
- Often pushed to achieve a goal
- Reward can be different than compensation
- What motivates people
  - autonomy
  - mastery
  - purpose

Detailed Notes/Summary of the Discussion

### Question 1

**Wendy:** *Results* are necessary for *profits*, which are necessary to stay in business. The mission of companies is the satisfaction to paying customers. “Integrity, performance, relation, profits” are key, and we need to correct mistakes as we go along. “*The way we achieve profits is the way we treat people.*” This includes employees. But ethics in an “hourly employee arena” easily slips away.’

**Banking:** Good business ethics is ‘not product pushing as much as building relations. Why we added services [e.g., insurance]. “Core values” [of the company] are part of the performance evaluation arena. Employers have to connect with associates. Employees face drama—problems everyday, and they call in HR. Not talking about “high drama employees; they don’t last long. Talking about day to day lives. HR has to pick up pieces, know the employees, approach the issues head on; problems spread like a cancer if we don’t. Employees “Get on board or self select.”

**[Richard]:** ‘*Results* are what the company is looking for; *effort* is what the employees talk about, what they want to talk about: what they did, their effort, not what was accomplished. What we encourage in “coaching” employees (performance review renamed coaching), what the company coaches, is to focus and evaluate what was achieved, not effort.

**[?:]** “Productivity increases dramatically when there are *resources.*” Confidentially (in house), it is better to acknowledge that the employee has problems and values. When resources available to them, it increase morale. We can provide resources confidentiality’

**[Sales arena:]** Didn’t like the question: In sales, attainment of numbers is the goal. BUT, you bring in different people, let them approach the job creatively. Thus their compensation and reward might be different. We can reward individuals for effort, achievement—whatever is important to that person. “To manage a business is to lead the people.” You can lead people not only results, but also ethics. You have to

keep an open line of communication. Employee relations is a continuous and moving spectrum.

Employees are 'Internal customers.' They feel left outside if not they are not happy. They have to hit number, but integrity has to be part of the process. You just don't just get a deal; you get the core values of a company.

Coaching is not just for a set performance. It takes place all the time, in the hall, anywhere. Can be just a verbal recognition.

*Coaching pros and cons.*

What motivates people: Autonomy, mastery, purpose

- It's about relationship; not only money, but cognition
- Huge factor is environment
- Results/compensation –but boils down to ongoing communication.
- Doing well (personal achievement)
- Feeling part of team (team does well)
- Desire recognition

**[??:]** There is also a tension between public recognition vs. personal recognition in the company. What do you do if someone out-performs because they perform over everything else (competitive, break rules, immoral). Does this employee become a bad example? Are they performing at the expense of others? What if they are satisfying an external criteria, but stepping on folks internally to achieve it? This is where coaching comes into play then. Some points to consider:

Is he/she correctible?

Is he/she breaking culture/rules/ethics/the structure of the company to become successful?

Is this more likely to happen with start ups—in the “adolescence” of a company?

What about legacy people—who got results early in the company, but now need to follow procedures, etc.

Is good behavior embodied in procedures, replicable?

Again, communication and coaching is essential. It's operational: you make business more efficient by following new rules.

More considerations with legacy/out-performing employees:

Can you let the legacy person come up with procedures?

How big will the dip be in productivity, and how long?

How do you avoid creating tension with employee who dips below productivity because of new rules?

One answer is that you have to look at whole picture.

### Questions 2/3

Culture: core values? How much value?

Values are:

- differentiated
- talented
- foundational, structural

Suggestions:

- Try to measure results that embody values
- Values are structured what say and do, not interpretive.
- Still need to coach

What about values off the clock? (FaceBook)

Good communication matters → clear communications matter

Do they know? do they believe? Should, but don't always.

**Dan:** If bring codes from on high: "Culture eats code for breakfast." Culture is emergent. Culture trumps strategy

**Schools** (state approved charters): Who creates culture in the organization? Students, teachers? These people don't view themselves as employees, but as co-owners, stakeholders. They have pride, integrity. They never stop working on this.

3 Points boil down:

Culture

Communications (communication and being understood)

Balance (between results and how achieve)

To answers three questions: Perhaps write a white paper for two years; ask for their help.

(Prior notes available)

(Last meeting in Dec.)