

# Gill's Ten Principles of Highly Ethical Leaders & Organizations

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The ethical principles or guidelines of a company code of ethics need to be developed by the practitioners in an organic way. What are the business practices and activities on which we should be spending our time in pursuit of our organizational mission? That's the first question. Then: what are the guidelines that tell us *how* to do these things we do, how to do them *right*, how to avoid messing up either the company or anyone impacted by our activities? This code of ethics is and must be specific and customized to each particular company and situation.

Nevertheless, on a more general level, I have come to think that there are certain basic ethical principles for the ethical leadership of people and organizations. Back in the early 1980s I started developing the list below and I have given literally hundreds of speeches and taught dozens of classes on these principles over the past quarter century. Part of my inspiration, I should say, was Stephen Covey's "Seven Habits of Highly Effective People." I didn't much like Covey's notion of "effective people" (by itself). Ethics types often react "Yes, but effective to what end?" We don't want tyrants and thieves to be effective. The concept of "effectiveness" begs for some guidance regarding its mission and objectives. So I countered by articulating the "Principles of Highly *Ethical* People." But there are ten, not seven.

Unfortunately, versions of my list are circulating through cyberspace, sometimes with some glitches and variations that I think weaken the overall argument. I can't undo the downside but I'd like add to the upside by including the list here with some explanation and illustration of what I have been driving at. As in the case of the Ten Traits of Appendix A, I brand it as "Gill's Ten Principles" partly to acknowledge that this is only my take on the principles, not some universal Truth binding on all humanity, and partly to re-stake a public claim to this (almost) life-time project of mine.<sup>1</sup>

One way I have used this list is as a sort of values and principles template against which to help people clarify their own top ten ethical convictions and principles (the form I use is at the end of the Appendix). One important result of this sort of exercise is that it helps you know what you have to bring to the table when ethics is discussed.

I do follow my own advice (in chapter six) and state these principles first in a positive way, i.e., as ethical mandates; then as negatively stated ("Never . . .") boundary conditions. "Always" and "never" language makes some people nervous but, remember, these are *principles* to inspire us and give us guidance. When they come into conflict or are difficult to apply we must not be paralyzed by perfectionism, guilt, or weariness. This is a map, remember. We don't live for the map itself. The map is to help us live.

## **Gill's Ten Principles of Highly Ethical Leaders and Organizations**

### **1. Treat all people as unique, valuable individuals**

***Never treat anyone as worthless, dispensable, or "just a number."***

### **2. Support the freedom and growth of others**

***Never view anyone through stereotypes and images, or as fixed and unchangeable***

### **3. Communicate to others by name with respect**

***Never ignore people---or use demeaning, trivializing, or derogatory names/labels***

<sup>1</sup> Al Erisman and I published a slightly modified version of this list in our *Ethix Magazine* (Issue 21, Jan-Feb 2002), p. 11.

4. **Model and encourage a balanced life of good work and rest**  
*Never adopt policies or make demands on others that undermine balanced lives*
5. **Honor and respect the families and friends of others**  
*Never undervalue the significance of families and friends of employees*
6. **Protect the life, safety, and health of others**  
*Never harm or jeopardize the physical well-being of anyone*
7. **Keep commitments and agreements in a trustworthy, reliable manner**  
*Never betray your relational commitments or undermine those made by others*
8. **Promote fairness in matters of money and property**  
*Never tolerate unfair wages, prices, or financial practices*
9. **Communicate truthfully and constructively**  
*Never mischaracterize people, products, services, or facts*
10. **Cultivate a positive and generous attitude**  
*Never give in to negativity, anger, greed, or envy*

**#1. Treat all people as unique, valuable individuals.**  
***Never treat anyone as worthless, dispensable, "just a number"***

The first principle really is foundational to ethical management. It is not just a soft, sentimental affirmation to make the weak feel better. It is the truth. The fact is that every person *is* unique (unique fingerprint, DNA, temperament, history, abilities, etc.). We are only recognizing the reality of life by this principle. The second aspect is a bigger stretch, i.e., that everyone is valuable *somehow, somewhere*. This is the management challenge: finding a place for each person's abilities to flourish---or helping them move on to some other employment setting. But certainly everyone performs better when treated this way and general morale improves when this is a value in the culture.

Here are some of the ways this principle has been articulated: First, by the philosopher Immanuel Kant, "Act in such a way that you treat humanity, whether in your person or in the person of another, always at the same time as an end and never simply as a means."<sup>2</sup> Here is David Packard's statement: ". . . Our strong belief that individuals be treated with consideration and respect . . . Every person in our company is important, and every job is important."<sup>3</sup> Finally, a study of several successful businesses by Stanford professors Charles O'Reilly and Jeffrey Pfeffer concluded "These places are also better at attracting and retaining people as a byproduct of how they operate. That is because great people want to work at places where they can actually use their talents, where they are treated with dignity, trust, and respect . . ."<sup>4</sup>

Old time HP, UPS, AES, Men's Wearhouse, and Harris & Associates are just some of the companies that make this a key principle in their organization. It is a different way of thinking, speaking, and acting toward people. Remember: it doesn't mean that everyone is equal or the same in ability or appropriateness to your business---or that they have a right to screw up and then criticize you for calling them on the carpet. But it does radically change the way we manage people. It is principle #1 in ethical organizations.

**#2. Support the freedom and growth of others.**

<sup>2</sup> The "categorical imperative" in *Grounding for the Metaphysics of Morals* (1785).

<sup>3</sup> David Packard, *The HP Way* (1995), p. 127

<sup>4</sup> Charles O'Reilly & Jeffrey Pfeffer, *Hidden Value: How Great Companies achieve Extraordinary Results With Ordinary People* (Harvard, 2000), p. 3.

***Never view anyone through stereotypes and images, or as fixed and unchangeable.***

The fact is that everyone actually *is* capable of learning and growth (hard to believe sometimes but it is true). People are bored without challenge and change. Further, it is dehumanizing and insulting to be stereotyped and limited (“just a secretary” . . . “engineers can’t really lead people” . . . “managers will never understand the science” . . . “blonde, so...” . . . “black, so . . . “ . . . “female . . . “ . . . etc.). The exceptions make the case: stories of hidden talents that came out when given a chance, stories of superb leadership when given the responsibility. Individual growth and unleashed creativity lead to higher team productivity in the organization. Depression and resentment come when boxed in by stereotypes.

Bill Pollard, former CEO of ServiceMaster described a core concern of his company as “. . . that basic ethical question of the marketplace: What is happening to the person in the process? Is she developing and growing as a whole person?”<sup>5</sup> David Packard also wrote that “It has always been important to Bill and me to create an environment in which people have a chance to be their best, to realize their potential . . .”<sup>6</sup>

Think about how you feel when boxed in, when stereotyped. By contrast, how do you feel when given opportunity and responsibility to solve a problem? when you get to choose to try something new? when you accomplish a creative task? when you know your team valued your creativity and help? Like the first principle, this one may not come naturally to every leader but it has a lot of good authority behind it--both the philosophy and science and the concrete business experience of many successful leaders. I used to always ask my direct reports during their annual one-on-one reviews: “Tell me one way you would like to grow this coming year? Is there one new skill you’d like to add to your bag of tricks? A class you would like to take?” I never saw anything but upside payoffs for this approach. On the other hand, I have had long lines of people griping to me over the years about bosses who took them for granted, boxed them into some stereotype, etc..

**#3. Communicate to others by name *with respect***

***Never ignore people---or use demeaning, trivializing, or derogatory names/labels.***

The first point here is that it is dehumanizing and discouraging to be ignored. It is discouraging not to be known by name by our supervisor or colleagues. Second, it is degrading to be addressed or labeled with an unwelcome, negative, or trivial name or label. Human beings are language-using beings. Names matter. Communication matters. Frequent, respectful, meaningful communication leads to higher morale and increased productivity. Somebody knows my name. “I’m amazed that he/she remembered my name,” someone will say (gratefully) about a boss.

Max DePree, the much admired CEO of Herman Miller, wrote “Communication is an ethical question. Good communication means a respect for individuals. . . We owe each other truth and courtesy. . . There may be no single thing more important in our efforts to achieve meaningful work and fulfilling relationships than to learn and practice the art of communication.”<sup>7</sup> The Harris & Associates code of ethics says: “Communicate (voice, written, e-mail, or otherwise) in a respectful and professional manner to fellow workers, clients, partners, contractors, competitors, and all others.”

How do we practice this principle? First, we learn the names and labels people choose for themselves. Learn how to pronounce their name the way they say it (a person’s name has huge symbolic importance--it represents who they are and your use or misuse of their name is your first symbolic recognition of who they are; it is a profound wound and disrespect not to do this). Related to this: if you refer to “girls,” you had better say “boys” as well; better by far is to say “men” and “women.” But never “men” and “girls.” If Black people want to be referred to as African-Americans---then they should be referred to that way. If someone of Chinese descent prefers “Chinese-American” over “Asian-American,” that decides it. The

<sup>5</sup> C. William Pollard, *The Soul of the Firm* (1996), p. 26

<sup>6</sup> David Packard, *The HP Way* (1995), p. 127

<sup>7</sup> Max DePree, *Leadership is An Art* (1989), quotations from pp. 91-96.

point is to show respect by letting people name themselves (do not invent nicknames and impose them on people; you may think of it as cute and affectionate but it is much more likely that it is boneheaded and offensive---even if your intimidated employee says otherwise).

Second implication: take the initiative to speak/communicate to people. Relationships depend on such communication. Silence and being ignored are often deadly. Failure to respond is a bad message by itself. Learn how to manage a long list of communications efficiently so this task doesn't bury you. Take a few moments to wander by your people and say hello. Be an active, respectful communicator.

**#4. Model and encourage a balanced life of good work and rest.**  
***Never adopt policies or make demands on others that undermine balanced lives.***

This principle has a work side and a rest side. All people need the opportunity to work---and to relax. Both work and rest are about human health; both are basic human needs. Good work not only provides for our financial and material needs, it gives us an opportunity to be creative and express our humanity and character. Good rest gives us a chance not just to recuperate physically and emotionally in order to be good workers again---it has a kind of intrinsic value. It's about enjoying our "being" not just our "doing."

The principle is to model both good work and good rest. Being a workaholic is little, if any, better than being work-averse. Managers practice this principle by working for (on behalf of) their people---but also taking a little time to be with those people (coffee, conversation, etc.). It takes both aspects to have a complete relationship (true for friends and family also: work *for* them but also devote some quality time to just hanging out *with* them). People generally respond with gratitude, loyalty, and even greater effort when we do something for them---and also stop to be with them.

Leaders must not just set a good example here but do what ever else can empowering and encourage their people to live balanced lives. Anne Mulcahy, the Chair & CEO of Xerox has written "Work/life benefits allow companies meaningful ways for responding to their employees' needs; they can be a powerful tool for transforming a work-force and driving a business' success." David Gilmour decided to go against the flow when he created Paradise Foods. Everyone, Gilmour included, works very hard to make this the best market in Marin County (California) but the store is never open past 8:00 p.m. and it is always closed on Sundays. "Our message to our customers is 'Life is more than shopping,' and to our employees, 'Life is more than working,'" Gilmour says. Despite all the nay-sayers who point to the competition which is always open 24/7, Paradise Foods has year-in, year-out exceeded all its ambitious growth projections. Balanced lives of work and rest do not mean business failure. Quite the contrary.

**#5. Always treat people's "significant others" with honor and respect.**  
***Never ignore or disrespect the families and friends of others.***

Few, if any, people are without relationships to "significant others" who mean much to them: parents, partners, children, house-mates, friends. The fifth principle of highly-ethical leaders and organizations is to treat those significant others with respect. How you treat those "others" affects how people feel about you and the company. Wayne Alderson, based on his experience as President of the Pittron steel company and then as a consultant and advisor to many other businesses, has written "One of the foremost ways for an organization to show respect for its employees is to recognize and respect each employee's family. An employee is nearly always connected to others---a spouse, parents, children, roommates."<sup>8</sup>

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<sup>8</sup> Wayne Alderson, *Theory R Management* (1994), p. 100.

How do we practice this management principle? Part of it is the little, day-to-day things of showing interest in the lives and relationships of our people. Take a look at the family and friend photos in the cubicle. Ask about someone you heard was ill---or graduating from school. Part of it is a policy matter---promoting sensitive and supportive family leave and emergency leave policies. Welcoming friends and family to tour the workplace at appropriate times, or to participate in some company social events, can also support this principle of ethical management.

**#6. Protect the life, safety, and health of others.**  
***Never harm or jeopardize the physical well-being of anyone.***

The sixth principle is sort of obvious but it needs to be stated clearly and remembered at all times. We have seen in earlier chapters that “harm” is at the core of what makes something unethical. Harm can come in many ways but the sixth principle focuses on the most basic aspect: life, health, and safety. Illness, injury, or even the fear or significant threat of such, undermine employee performance as well as any likelihood of continuing customer, partner relationships (i.e., if your products or activities make them sick or endanger their lives they will go elsewhere).

Perhaps this principle is especially relevant in dangerous businesses such as construction, energy, air travel, pharmaceuticals, and food handling. Here is some of the language used by Harris & Associates for their construction and project management firm: “Protect life, health, and safety. . . Rectify or report immediately any unsafe or threatening situations. . . Accept responsibility for any unsafe conditions we may have caused or contributed to and take corrective action. . . Pursue the highest standards in safety, whether on Harris property, in transit, or at a project site, . . . Never compromise safety at any stage from project design, to execution, to final inspection.” Paradise Foods, a grocery store, is concerned with “Cleanliness everywhere in our store and among our staff, with special concern to maintain the highest standards in sanitary food storage and display are critical requirements.”

The sixth principle is important in all arenas where life, health, and safety might be at risk. We can try to maintain healthy, non-hostile workplaces . . . provide (or assist with) basic health care for our people . . . ensure adequate product safety testing . . . ensure positive environmental impact of our business activities and products . . . assist conflict resolution---not exacerbation, tame public and private rhetoric (no insults, etc.), and work to improve attitudes (anger management, etc.).

**#7. Keep commitments and agreements in a trustworthy, reliable manner.**  
***Never betray your relational commitments or undermine those made by others.***

Humans are not just individual physical beings whose bodies need protection but relational, social beings whose commitments and agreements also need protection. Reliable, trustworthy covenants and commitments are essential in every sector of life: business, family, friendship, community, and politics. The first, direct way we practice the seventh principle is to deliver on both the letter and spirit of promises, commitments, contracts, and hand-shakes we have made. It is to show loyalty and fidelity to people counting on us, inside or outside our business. Secondly, the principle calls us to never undermine or attack other people’s important covenants and relationships, inside or outside the workplace.

One obvious interpersonal aspect of this application is to respect people’s marriages and romantic relationships and not exploit possible opportunities in the work environment (including business trips and after hours activities) to attempt to lure colleagues away from their commitments into inappropriate relationships with us. Abusing our power and position by pressuring others in this way is profoundly unethical. Even worse, if such attention is not reciprocated and is clearly unwanted, it is not just flirting but harassment, which is both illegal and ethically wrong. Betraying your own marriage or similar commitment is just as ugly.

This principle also applies to business commitments and relationships. Here is some of the language used in the Harris & Associates Code to preserve this principle: “Fulfill commitments, contracts, agreements, and promises. . . . Follow through completely and reliably on agreements made with clients,

business partners, and fellow employees.” “Refer interested individuals to the Harris web site and to our Human Resources department. Do not engage in “raiding” of employees of other firms.”

**#8. Promote fairness in matters of money and property.**  
***Never tolerate unfair wages, prices, or financial practices.***

Everyone, every business, and every community has need of a basic material infrastructure for life (shelter, food, clothing, financial security, “stuff”). Fairness (justice) in how these material goods are distributed is at the core of the eighth principle. A fair distribution of money and property is essential to good work, sustainable and successful business, and a peaceful world. This principle requires us to promote fairness in compensation, wages and benefits, in pricing services and products that we sell, in tax rates and policies, and in matters of inheritance. Intellectual property is also a concern here. Fairness in opportunity and in access to nature and education, is part of it. The principle applies to workers or customers who might be tempted to steal or misuse company property---and it applies to employers who might be tempted to extort unfair payments from desperate or gullible customers---or to refuse to pay fair wages to employees desperate for any level of work and wage---or to evade paying their fair share of taxes.

The Harris & Associates Code develops the basic principle, “Maintain fairness in business and financial matters,” with several elaborations of what they mean: Avoid both the appearance and the reality of any kind of financial or business impropriety. . . . Deliver the full value service that has been purchased from Harris. . . . Compensate employees, sub-consultants, and business partners fairly for services rendered. . . . Ensure that invoicing and billing practices are accurate and fully justified, whether dealing with clients, business partners, or personal expense reimbursements. . . . Avoid real or potential conflicts of interest that could arise from giving or receiving gifts, dealing with relatives or close friends, or from any other source. . . . Avoid improper tampering with the employees, operations, inside information, or intellectual property of other companies.”

Over centuries of human history, this topic has been debated at length. Barbarians and thugs have argued that what is fair is “whatever I can take from everyone else.” Civilized people have always concluded that that argument is not good enough. Economic justice and fairness are not decided by your power but by other criteria such as what you deserve, how hard you work, how much you produce, the quality of products and services, the proportionality of one situation or person to another. Job danger and risk matter, as do stress, experience, responsibility, and availability. If my gain comes with your gain, that is different than my gain at your loss. Every one of these criteria bring up debatable issues. Very little is simple in this domain. The bottom line principle, though, is that highly (or even moderately) ethical people seek fairness---not just personal wealth maximization.

There are CEOs who are committed to some kind of fairness in their own compensation. Gary Kelly of Southwest Airlines, John Mackey of Whole Foods, and Jim Sinegal of Costco, are just three major CEOs who are committed to fairness in compensation (for themselves, for their employees). You can read every day in the business pages about the long list of others who practice the “greed is good” philosophy. Suffice to say here that this great, historic principle is in grave danger today. When we are ruled by people of power rather than people of justice, the clock of revolt and insurgency begins to tick.

**#9. Communicate truthfully and constructively.**  
***Never mischaracterize people, products, services, or facts.***

Lying and falsehood break down the trust that is essential to good business and leadership. Lies lead to ever more complex, time- and energy- consuming cover-ups. Truth is simpler. Lies and mischaracterizations can harm people’s health, relationships, finances, and reputation. Lies also corrupt and degrade the liar. This principle is about telling the truth *to* colleagues, customers, partners, investors, other stakeholders----and telling the truth *about* people, products, finances, and services.

Max DePree has written, “Access to pertinent information is essential to getting a job done. The right to know is basic. Moreover, it is better to err on the side of too much information than risk leaving someone in the dark. Information is power, but it is pointless power if hoarded. . . . “We owe each other truth and courtesy” “To liberate people, communication must be based on logic, compassion, and sound reasoning.”<sup>9</sup> Telling the truth gets complex in the information age. Who “needs to know” this or that . . . and when is the appropriate time? Can too much information (“infoglut”) obfuscate rather than clarify and empower? Truth can be as cruel as the lie, which is why the principle says not just to communicate truthfully but constructively.

The American Marketing Association Code of Ethics emphasizes that “Marketers shall uphold and advance the integrity, honor, and dignity of the marketing profession by . . . being honest in serving consumers, clients, employees, suppliers, distributors, and the public. . . . Participants in the marketing exchange process should be able to expect that . . . communications about offered products and services are not deceptive.” The Harris & Associates Code devotes two basic principles and a number of elaborations to this topic which are worth quoting at length to illustrate how to approach this principle: “Never compromise on truthfulness and accuracy. Maintain clarity, consistency, and accuracy in all communications with clients, contractors, business partners, employees, governmental agencies, and the public. Never submit deceptive, incomplete, or inaccurate proposals, financial reports, or inspections. Do not over-promise on schedules, project outcomes, or personnel; disclose any contingencies and concerns. Correct mistakes, misstatements, and misleading communications immediately. Respect privacy and protect confidential and proprietary information. Protect the privacy of individuals and their records, whether Harris employees or not. Protect the confidentiality of the proprietary information, business plans, and communications of Harris and its clients and business partners. Do not accept or misappropriate any confidential information or proprietary data from a competitor company; respect always the rights of the rightful owners of information.”

We live in an era transformed radically by information and communications technologies. This practice area needs the guidance of our eighth principle.

**#10. Cultivate a positive and generous attitude.**  
***Never give in to negativity, anger, greed, or envy.***

The final principle is parallel to the final “trait” of ethically-healthy organizational cultures: it is here not just a trait we seek to embed in our culture but a principle of practice, decision, and action. We should choose and act in a way that preserves a positive and generous attitude. Attitude is the root of speech and action. A bad (or good) attitude is almost impossible to conceal or disguise. Even if it is mostly concealed, a bad attitude corrupts the person who harbors it. Business ethicist Robert Solomon has written “‘Greed is good’ is a contradiction. . . . Greed (avarice) is an excess. It is like gluttony, an embarrassment . . . unbridled vulgarity. . . . Greed is not vision. It is lack of vision . . . .” “Better to listen to what the Talmud says: ‘The rich man is one who is satisfied with what he has’.” “Contentment might not seem to be a virtue, especially in a world where ambitiousness is thought to be one, but there is real wisdom in knowing when enough is enough, not being greedy, and allowing oneself to simply be satisfied.”<sup>10</sup>

Of course, a bad performance not saved by having a good, positive, generous attitude alone. And we are not suggesting a superficial “rah-rah” froth over everything. There may be a time to show some aggravation and disappointment. But as a general principle, leaders should not be governed by anger, jealousy, envy, negativity, and greed. Leaders need to personally demonstrate a good, resilient attitude and then infect others and try to create the conditions in which others can also be positive. Southwest Airlines, AES, and Whole Foods are three companies that explicitly focus on this good attitude principle.

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<sup>9</sup> *Leadership is An Art* (1989), pp. 91-95.

<sup>10</sup> Robert Solomon, *A Better Way to Think About Business* (1999), pp. 27-29, 81.

### **Afterthought & Confession**

*There is another "secret history" to this list of Ten Principles. What lies in the background in this case is the most famous list of ethical principles in history: the Ten Commandments. Back in the early 1980s I was giving a talk on ethics and the Ten Commandments to a graduate student group at the University of Nevada at Las Vegas. Until that occasion I had always thought that the first part of the commandments (no other gods, no images/idols, etc.) was only about religion and theology---and only the second part (no murder, no theft etc.), was about people and ethics. But it suddenly dawned on me that evening that all ten of these guidelines expressed a perspective that was equally relevant to relationships with God and relationships with human beings.*

*For example, in the first commandment God insists that no one else be given his place ("no other gods before me"), in the second that he not be replaced by any fixed images, in the third that his name be used respectfully, in the fourth that people work for him six days but take a day off ("Sabbath") just to be with him, etc.. Atheists, such as Karl Marx or Ludwig Feuerbach, would argue that the ancient adherents of the Decalogue actually wanted such treatment for themselves but, oppressed and unable to achieve their liberation, they falsely projected these ideals and desires onto a god they invented. So fundamentally, in their essence, the ten commands express not God's wishes but human wishes for how to be treated.*

*The alternative way of explaining this relationship is to say, with the Jewish-Christian-Muslim tradition, that there is a God who created man and woman "in his image and likeness"---hence the similarity between what we want for ourselves and what God appears to command for himself. The theological explanation for why men and women want to be treated as unique and valuable, not as replaceable, value-less parts, is because they have been made in the image of their Creator God, who wants to loved that way and who has a basic right to be treated that way.*

*Personally, I have always preferred the theological explanation to the social scientific one but that is not my subject here and however one decides the matter does not change the basic message: that these, by whatever avenue, are ten key guidelines on how people wish to be treated. Still stronger, people believe they have a right to be treated in these ways which makes them ten principles of justice, not just ten principles of love.*

*It has occurred to me, of course, that if all social scientists and cultural anthropologists of the Marxist and post-Marxist orientation, plus all Jews, Christians, and Muslims, could make common cause on these ten basic principles of ethical business---if this were possible---what a great day that would be.*