Gill's Ten Traits
of Ethically-Healthy Organizational Cultures

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In the process of building strong, value-embedded corporate cultures, an organization must first get the mission and vision straight, then, second, figure out what core values and traits need to be embedded in the organizational culture to achieve that mission. The particular values (or corporate traits) that are essential to your success, follow from the nature of your mission. There can be no standard account or one-size-fits-all template.

Nevertheless, I have come to believe that there are some cross-organizational, even cross-cultural, perhaps transhistorical, commonalities in the traits of ethically-healthy organizations. I am not arguing that everyone *must* agree with my hypotheses. But I do find that when I ask people to "try this on for size" in their thinking, I almost always get substantial agreement. So maybe there is some kind of underlying "truth" in these matters, but it is not my purpose to try to sell you on any philosophical or anthropological conclusion of that sort. My purpose is simple---to give you a point of reference to stimulate your own thinking on these matters.

A few years ago I was with the late, great writer and teacher Neil Postman at a conference and over dinner I asked him how he dealt with questions in his own mind about some of his opinions and hypotheses. He told me that he had always wanted to write "Or vice versa" on the last page of his books, and that he actually did it in one book (I forget which one). I'm not quite ready to put an "or vice versa" at the end of my list here, but I do insist that it is just my best attempt to summarize a complex subject.

Anyway, coming out of my studies of various corporate cultures and core values over the years, here is a list of "Gill's Ten Traits of Ethically-Healthy Organizations." In each case I have given some explanation of what I mean by the key terms and some business examples of it being played out. I put my name on the list for two reasons. First, as I confessed above, this is my personal take on the subject, not a "universal truth" every business needs to accept. Second, an edited version of my list (presented as "Eight Traits") was published in May of 2002 in a magazine I was working on at the time and is still floating around cyberspace. What you see in this appendix was back then, and is still now, the best, most complete, take on the subject, in my opinion and experience.[1]

These ten traits are not randomly presented. Each one builds on the preceding one, and sets the stage for what follows. I think the eighth trait is really the pinnacle, where you have a culture of people and ideas drawn together in exciting ways, all in pursuit of a meaningful, gratifying common mission and purpose. Anyway, see what you think.

Gill's Ten Traits of Ethically-Healthy Organizational Cultures

1. Loyalty
> *Tenaciously preserve core mission & vision; hang in there with the team; no traitors*

2. Openness & Humility
> *Teachability from top to bottom of organization; no arrogant know-it-alls*

3. Accountability & Responsibility

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[1] I did write a series of my "Benchmark Ethics" columns in *Ethix Magazine* on most of these traits, between June 1999 and February 2001. When I took my Ten Traits to our *Ethix* art director she insisted that it must be eight, not nine or ten, because we had already published lists of "Nine Reasons" and "Ten Principles." Under publication deadline pressure, I wimped out. See *Ethix,* Issue 23 (May-June 2002), p. 11.

All individuals & teams stand up; no blaming, no excuses

4. Freedom
Creative risk-taking encouraged; no micro-managing control freaks

5. Ethics & Excellence
Insatiable hunger for both "doing the right thing" & "doing things right"

6. Mistake-tolerance
Learn and try again; avoid punitive, fearful, repressive reactions

7. Honesty, Integrity, & Transparency.
Consistency of thought, talk, and walk; no hidden agendas or evasions

8. Collaboration & integration.
Bringing people together...bringing ideas together

9. Courage & persistence
Guts in the face of difficulty

10. Joyfulness & Fun
Stay positive even in hard times

1. Loyalty.
Tenaciously preserve core mission & vision; hang in there with the team; no traitors

Loyalty is the capacity and the inclination to remain faithful and steadfast, the disposition to stay committed, to hang in there, to not "bail out" or disappear even when things are tough. It is not simplistic, unquestioning conservatism---thoughtlessly or fearfully clinging to traditional ways. Loyalty needs to be given to the right things---two things actually---to our core mission/vision and to our team.

Jim Collins and Jerry Porras have presented a compelling case for the first aspect: loyalty to the mission. They call it "preserving the core."[2] Great, enduringly successful companies don't wonder what their purpose is and change fundamental direction from year to year. They are ferocious in staying anchored to their "core ideology." Stimulating creativity, innovation, and risk-taking without first and then simultaneously strengthening this core, they argue, is a recipe for disaster. Nikos Mourkogiannis's *Purpose: The Starting Point of Great Companies* (Palgrave Macmillan, 2006) and Richard R. Ellsworth's *Leasing With Purpose* (Stanford, 2002) powerfully underscore this same message: it all begins with loyalty to the right mission, vision, and purpose.

But loyalty is also about personal relationships on the team.[3] It used to drive me crazy when my dean (back in the late 1980s) would threaten to quit my administration whenever things got tough for him. I see now that on the second request I should have helped him pack and hit the road. His disloyalty---a deeply embedded character trait---was extremely destructive all the years he worked at that institution (despite his other stellar abilities). We can learn something from the priority the Army and Marines give to this value of loyalty. If you are expecting to be in combat, loyalty to mission and team are critical. Without it, we are just not going to be competitive. The SAS software firm (with a brilliant record of success and a 97% employee annual retention rate) and Southwest Airlines (profitable thirty-two years in a row, the only major airline that knows how) are two shining examples of corporate cultures that stress the kind of loyalty I am talking about.

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[2] *Built to Last: Successful Habits of Visionary Companies* (New York: HarperBusiness, 1994, 1997)
[3] See Dennis C. McCarthy, *The Loyalty Link: How Loyal Employees Create Loyal Customers*, (New York: John Wiley & Sons, 1997) for an excellent study of how customer loyalty flows from internal loyalty of employees and management ("the link").

None of this means that we keep people on forever who are not performing or that we are blockheaded about re-tooling aspects of our mission and vision! This is one of the traits, the first one, but not the whole list. But we will be paralyzed and undone if we don't have some tenacity to our core mission and some loyalty to our team.

2. Openness & Humility
Teachability from top to bottom of the organization; no arrogant know-it-alls

Openness is the companion virtue to loyalty. Openness (in individual character or organizational culture) is not the same thing as emptiness; it doesn't mean abandoning everything. G.K. Chesterton used to say it was important to have an open mind---but not open at both ends. But a radical openness, anchored by loyalty to one's core mission and values, is a critical component in a healthy culture. Think of the opposite traits: arrogance, closed-mindedness, narrowness, and rigidity. These vices stifle creativity and freedom. They kill off learning and growth and blind us to our own weakness. Strength comes out of receptivity and a willingness to learn from others. This is why "loyalty" (the first great trait) must be to the right things: the mission and the team. A fierce, unbending loyalty to *everything* else, "the way we always did it," is paralyzing and destructive.

Collins and Porras argue in *Built to Last* that great companies both "preserve the core"—and "stimulate progress" by reaching for "big, hairy, audacious goals" and by cultivating a "try lots of things, keep what works" approach. They say it is a yin/yang relationship, a both/and dialectic. Having a deep anchor allows for wide ranging experimentation. It is common sense. Even if we are doing well, adding the best ideas from someone else can make us even better. Openness and a humble teachability are not signs of weakness but of strength.

Openness needs to be practiced in at least three directions. First, openness is directed toward *people*; it is inclusive rather than exclusive.[4] Second, openness is directed toward *ideas*---"intellectual openness"---new thoughts, innovative, fresh concepts and ways of doing things. Third, it is directed toward *criticism*. It is easy to be open to ideas that reinforce our opinions, harder to hear criticism. But such openness to criticism is a source of strength, helping us discover problems and cut our losses while they are relatively small, rather than getting really nailed farther down the road.

The 3M company is justly famous for its openness to new ideas. And certainly you have to hand it to Toyota and other Japanese automakers for beating Detroit to a pulp---mainly by their openness to innovation and the ideas of others, while Detroit closed up and suffered the competitive consequences. Finally, think about who you want to work for. Isn't it obvious that we flourish when we get to work for bosses who are open to our ideas and even our critique and suggestions for improvements?

3. Accountability & Responsibility
All individuals & teams stand up; no blaming, no excuses

The third characteristic is related to the previous one in that openness suggests there will be a "need to learn and even a "need for improvement or correction." And wherever there is a need or a weakness, there is an opportunity for denial, blame, and excuses. A healthy culture is one where we accept personal responsibility and where we hold ourselves and each other accountable for our actions (including our weaknesses). A culture of irresponsibility breeds dissension and distrust among colleagues and customers and long-term disaster and loss for the company.

Responsibility literally means "answerability" or "accountability." The responsible party is the one deserving praise or blame for what happens. A responsible person (or company) willingly accepts accountability, agrees to care for something, and can be counted upon to do what they say they will. A culture of responsibility and accountability must be based, in turn, on four things: knowledge, freedom, forgiveness, and relationship. First, if we want people and organizations to accept responsibility, they

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[4] Francis Fukuyama's *Trust: The Social Virtues and the Creation of Prosperity* (Free Press, 1995) makes a massive historical case that cultural openness and the capacity to trust others is critical to economic success

must be given access to the *knowledge* required for wise decisions. That was implied in the previous characteristic about teachability. Second, holding people responsible without their having *freedom* to choose and to act is a sham and a farce—like a tyrant who hangs some poor souls, blaming them for the bad weather. If we ask for responsibility, we must give freedom and opportunity (the next trait on this list). Third, responsibility and accountability won't work without forgiveness and a culture that learns from mistakes rather than punishing them. That comes up later on this list. Fourth, responsibility entails a "response" to someone. We can be accountable to others because our lives and interests are interdependent. We will have to live and work with those who share the consequences of our failure. This relational trait comes up eighth on this list.

The Body Shop is a great business success that has made responsibility and accountability core values. Responsibility for the environment and for animal welfare as well as for the health and satisfaction of Body Shop customers is well known and widely-applauded. It is not easy for most of us to swallow our pride and say "that was my fault" or "I'm going to need some help on this." A culture of accountability and responsibility has to start at the top. Nobody is fooled by CEOs pretending to be all and know all. A powerful cynicism spreads through such CEOs' companies. So from the top down, let's not just be humble and open but also accountable and responsible.

4. Freedom
Creative risk-taking encouraged; no micro-managing control freaks

The fourth trait is about managers and organizations giving up control. It is about a culture of freedom for risk-taking, giving others space---limited only by loyalty to mission and team, openness, and accountability. Freedom, in this context, has to do with giving up, or at least sharing, control. Joe Caruso's *The Power of Losing Control* (Penguin/Gotham Books, 2003) understands how important this is in organizations. The vice that is the counterpart to this virtue is micro-management, "control-freakism." Are you going to try to micro-manage that teachability piece or that accountability piece we just reviewed---or can you let things ferment without your hands-on direction? It's about how we manage people and their issues and growth. We could be a learning culture and an accountability culture and still fail by oppressively trying to control everything. That is the message here. Control freaks kill trust in cultures. If you can't trust and let go, either you need to leave or the objects of your control will shut down (or flee at the first opportunity).

Of course, we can't be healthy with an excessive, reckless risk-taking---any more than with a stifling, fearful control. It's all about a culture of freedom---within appropriate limits, i.e., the mission and vision. However we use our freedom, it must align with the mission. Everything is not up for grabs; we stay anchored in loyalty to the core mission and to our team. But then, we give people space and freedom.

The 3M company is an example of openness and freedom that exhibits this trait as well as any company (see the descriptions in *Built to Last*). The old Hewlett-Packard with its flexible hours and other policies was also a culture of freedom in the sense we are using it here. Business leaders will create healthier organizations if they will keep this value in their top ten list and actively live by it---disciplining themselves to not intervene immediately to straighten everyone and everything out. Give your people some space.

5. Ethics & Excellence
Insatiable hunger for both "doing the right thing" & "doing things right"

The fifth value shares the passion and activism felt in the first one, "loyalty." Loyalty was about passion and tenacity vis-à-vis the core mission, vision, and team. The next three values feel more passive or we could say "preparatory"---openness, responsibility, and freedom. But those three are creating the capacity to better see what is really excellent and ethical (the fifth character trait). Without openness, teachability, and freedom, I don't think we can really see excellence and ethics clearly. The classical term "justice" (Greek, *dikaiosyne*), much like the term "virtue" (Greek, *arête*), suggests both doing the right thing and doing it right, both the ethics side and the excellence side. This close combination has been a constant theme through this book and I don't like to separate them into two different concepts on the list.

This perspective sees excellence and quality as a moral/ethical imperative---and it sees ethical integrity as being (not just leading to) true individual and organizational excellence.

What we are talking about is an organizational culture that has a real passion to get things right---in financial terms, technical/engineering terms, legal terms . . . and ethical terms, of course. It is about excellence in all those directions. Mediocrity is easy; excellence is hard work, and there are many temptations for short-cuts. But a search for excellence (as the best-selling business book of the 1980s was titled) always inspires both inside and outside an organization.[5] Harris & Associates captures this double message in its core values by making "integrity" their first value and "quality" their second---other terms for ethics and excellence. Starbucks is another company making both ethics and excellence core values in the culture. It starts with a leadership that is not satisfied with second-best or ordinary results. This is where we can let our perfectionist streak run wild. We aim as high as possible and go for it.

6. Mistake-tolerance
Learn and try again; avoid punitive, fearful, repressive reactions

An organization that aims high is not always going to achieve its ambitious goals. A sure way to kill off such ambitious attempts at greatness is to punish failure. Punishing honest mistakes stifles creativity. Learning from mistakes encourages healthy experimentation and converts negatives into positives. There is a place for mercy and for generosity in business. As we noted earlier on this list, if we want people to step up and be accountable and responsible, we must not overreact and crush them. If we want them to aim high, they may come short and we must not crush them at that moment.

The basic principle of justice and fairness is proportionality: to each his/her due. Accountability and responsibility mean that people stand up and take what they deserve. But the passion for justice, ethics, and excellence must be qualified. If we take a larger view of the context in which business goals are pursued, an honest---but failed---effort at achieving something great should not be viewed in the same way as an effort that failed for lack of preparation or care. Some business leaders have told me that a mistake might be tolerated once, but repeating the *same* mistake twice is another story. Perhaps it is not a mistake but true negligence the second time around.

Certainly companies with an emphasis on research and new product development (e.g., pharmaceuticals, technology, entertainment) have to embrace this cultural trait. When bad things happen, part of the learning is to put safeguards and back-up systems in place the next time to minimize the impact if something starts to go awry. Such companies must have learn to tolerate mistakes made in good faith efforts---and turn those mistakes into learning experiences. The business payoff is a workforce without fear of trying things that are new or difficult, a workforce that learns from its mistakes rather than living in denial or blame or the likelihood of repeating them.

7. Honesty, Integrity, & Transparency.
No hidden agendas, no evasions.

All of the foregoing corporate cultural traits must be authentic and real if the organization is going to achieve its potential. An organizational leadership that only pretends, Machiavelli-like, to care about loyalty to the mission, teachability, accountability, freedom, excellence, and mistake-tolerance may sometimes succeed in the short term. But longer term, such dishonesty will come back to haunt the company. Business requires trust---and trust requires integrity, "trustworthiness." Integrity is about consistency, the "integration," of what is inside with what is outside, of what is thought, known, and believed with what is said and done.

Relationships thrive on clarity, transparency, honesty, and reliable follow-through. Integrity and trust can be destroyed in a moment; they take a long time to be rebuilt. Integrity simplifies life: If we live with integrity we are relieved from having always to be covering our tracks, maintaining a facade, or looking

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[5] Tom Peters & Robert Waterman, *In Search of Excellence: Lessons from America's Best-Run Companies* (Harper & Row, 1982)

over our shoulder. Max DePree, William Pollard, Warren Bennis, and many of the other business leaders and authors we have heard from earlier in this book have stressed the critical importance of integrity in companies and their leadership.

From another angle, Don Tapscott and David Ticoll's *The Naked Corporation* argues that in our internet age, it has become almost impossible to hide anything. Those e-mail memos that ridiculed someone will almost certainly come back to haunt their author. What we do, say, and think is more likely than ever to come out in the open. Therefore, the authors suggest, companies might as well embrace transparency, divulge their true reality, and live consistently with it. Integrity is the virtue that makes transparency pay off. Harris & Associates hits this basic value from two directions. Their first core value is integrity, second is quality, third is reliability. The first and third, integrity and reliability combine to make a powerful commitment to organizational consistency and trustworthiness.

8. Collaboration & integration.
Bring people together...bring ideas together.

Collaboration and integration in pursuit of excellence on a mission---that's what a company is all about. Teams thrive when there is an inspiring mission, a passion for excellence and ethics (doing the right thing and doing it right), with an atmosphere of mistake-tolerance and a high degree of integrity. The eighth trait has two sides to it, a people-side and an idea-side. On the idea side it is about integrating ideas into more holistic and powerful perspectives, bridging across traditional disciplinary boundaries with new thinking, drawing together the best ideas and practices from various fields. Narrow, silo thinking is the vice to be avoided; holistic, integrative thinking is the virtue.

On the people side, companies are groups of people "co-laboring"—*collaborating*. If we could do it better alone, why form a company? If we are going to make the most of our opportunity, we need to put an emphasis on team play, not just on individual stardom. Turf wars are deadly. Integrating the best people into collaborative teams multiplies organizational strength. "Collaborationist" used to refer to someone who cooperated with the invading enemy. Collaborators were traitors. In a strange way, this negative connotation points to something basic: rather than regarding competitors (internally or externally) as enemies, it is often wise to find ways to work together. Life and business are not a zero sum game. Two businesses creating similar products (or two employees competing with each other) may actually have greater success by working together. Of course, competition is also part of human nature (and often produces better results than its absence). And ego and other narrow interests often disrupt or destroy cooperation and community. Collaboration is not an easy option but it is worth pursuing and making a value in our companies. Wisdom, creativity, and innovation, are usually to be found in a diversity of voices collaborating around a common goal and task.

Jody Hoffer Gittel's *The Southwest Airlines Way: Using the Power of Relationships to Achieve High Performance* (McGraw-Hill, 2003) is a superb demonstration of how collaboration can bring business value as well as workplace happiness. At the Harris & Associates company, the fourth value, Respect," underlines the importance and value of each individual employee. The fifth of their six values, however, is "teamwork." The message is that no matter how great we are as individuals we can be even better collaborating together. On the idea side, Jon R. Katzenbach & Douglas K. Smith's *The Wisdom of Teams* (HarperBusiness, 1993) and now James Surowiecki's *The Wisdom of Crowds* (Anchor, 2004) make the case that thinking together in teams produces better results than individualism.

9. Courage & persistence
Guts in the face of difficulty.

The ninth trait is necessary because the business playing field is not always level, or life fair. Much of what we deal with in the marketplace, the global economy, or the environment is unfair. Who can predict natural disasters or epidemics or terrorism or war? Even without such large-scale forces, it is difficult to manage a workforce, adapt to change, and make wise decisions in a swirling global marketplace. Problems and even defeats will come, sometimes wholly undeserved. But healthy organizational cultures

will be unintimidated and undeterred by these difficulties. Courage, persistence, and "guts" means that they "keep on keeping on" despite the struggles, set-backs, and pain.

Our terms "guts" and "determination" are about courage. Courage (bravery, fortitude) was one of the "cardinal virtues" in antiquity. The ancients thought of it as the "readiness to fall in battle." Courage is the capacity to do the right thing even when you don't want to and it costs something. Aristotle described courage as a "mean" between two undesirable extremes: cowardice (too little "courage") and recklessness (too much "courage"). Courage does what is right---but in a wise and appropriate way, not in a blind, rash reaction. Such a need for steady, indefatigable persistence was demonstrated by Cantor Fitzgerald after losing much of their business and workforce in the 9/11 attack on their building. Resilience is now one of their stated core values. Levi Straus lists courage among its four core values--- highly appropriate in a global textile business. Jack and Suzy Welch have written that "business is about managing risk, not running from it"[6]

10. Joyfulness & Fun
Stay positive even in hard times.

The final characteristic suggests that in a healthy culture we don't stop with a grit-your-teeth, grim determination, but we try hard to find some joy and laughter. It may only the tenth on the list but I think it needs to be there. Max DePree writes that "Joy is an essential ingredient of leadership. Leaders are obligated to provide it."[7] Work is often carried out in the sweat of our brow. One of the synonyms of work is "toil." It feels like that some times. It is important to try to inject humor into the process and help our organizations find joy at work.

Dennis Bakke's management reflection on his years at AES, the energy company, is called *Joy at Work.* AES had fun as one of its core values. Bakke argues that "the key to joy at work is the personal freedom to take actions and make decisions using individual skills and talents."[8] Fun results from an workplace where individuals are given the challenge and opportunity to be innovative, to use their creativity to make something good. Give the workers some control. Challenge them to use their freedom—and they will do so with great results for the company and finding joy for themselves.

Whole Foods and Southwest Airlines are two other companies that have explicitly made fun one of their core values. If you fly Southwest very often, you know how different the atmosphere is among the employees from the experience on most other airlines. It goes back to founder Herb Keleher's personal insistence on its importance. Harris & Associates also list fun as a core value. "More than just a job" is their slogan next to "fun."

Afterthought & Confession

Here is another part of the inside story of my list. I don't just teach business ethics, although that has been my main concern for several years. In another domain and for another, narrower, audience I have studied and taught Christian ethics---trying to re-articulate the ethical teaching of Jesus for our era. As I was studying the Sermon on the Mount, Jesus' most famous statement, back in the 1980s, I started thinking about the opening passage called the "Beatitudes" (from the repeated language "blessed….") and how these seemed to describe the basic characteristics that Jesus wanted his followers to seek for their community and organizational life together in order to be the "salt of the earth" and the "light of the world." For at least the first couple hundred years it seems that these characteristics were pretty much what the movement was known for (too bad that is far from the case today, but that's another story)---and it gradually permeated the Roman Empire and led to a sort of internal revolution by the 4th century. In other words, these core values or traits did seem to help create and maintain a movement that people wanted to be part of and which achieved its mission in many ways.

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[6] *Winning: The Answers* (Collins, 2006), p. 27.
[7] *Leadership is an Art* (Doubleday, 1989), p. 133).
[8] (PVG, 2005), p. 65.

The longer I studied these eight beatitude characteristics the more I was struck by how similar that message was to what I was getting from business leaders and writers about healthy business (not religious) cultures. For example: "Blessed are the poor in spirit" (openness, teachability), "Blessed are the pure in heart" (integrity), "Blessed are the peacemakers" (collaboration). The parallels are undoubtedly not persuasive to everyone---and don't need to be. But for what it's worth . . .