50. Richter, O'Brochta, and Balestrero: Ethics

[music]

0:00:04 Michael O'Brochta: As a profession, at least as the kind of profession I want to be part of, we need to have ethical standards.

0:00:12 Greg Balestrero: Companies have to look at environmental, social, economic, and ethical issues as business risks.

0:00:18 Alan Richter: Diversity and ethics have a huge role to play in the valuation of a company.

0:00:25 Kendall Lott: If you are a Project Management Professional, then you had to sign off on the Project Management code of ethics, which affirms these values, responsibility, respect, fairness, and honesty, as the foundation of our profession. This provides a good framework, but it can't begin to guide us through the complexities and gray areas that PMs face. Often, there is no obvious right path. The more complex the project and the more stakeholders involved, the greater the dilemmas. Today, with all types of media reporting far, fast, and wide, it's more important than ever that executives and managers toe the ethical line. The consequences of not doing so are dire. Look at Enron, look at Volkswagen, Wells Fargo, I could go on. But this is not meant to be a litany of the famous corporate failures. With our three guests, we approach ethics from the perspective of ethical frameworks, decision-making, and signaling, to look at diversity, responsibility, and trust in organizations and for the individuals that make them up.

0:01:23 KL: Yes, ethics is about business, reputation, intangible value, choices that employees make to participate in an organization, to engage, and changes even in how we see the value and role of projects. There you go, the Project Management Point of View. And it's what makes leaders of us as PMs. As managers of teams, PMs have an ethical leadership role to perform. In this episode, we discuss some of the issues as well as assessment and decision-making tools.

0:01:52 Speaker 5: From the studios of Final Milestone Productions, overlooking the White House in downtown Washington DC, this is PM Point Of View, the podcast that looks at project management from all the angles. Here's your host, Kendall Lott.

[music]

0:02:07 KL: Alan Richter is the Founder and President of QED consulting, a global enterprise that offers consulting and training in leadership, values, culture, and change, and in the alignment of strategy, people, and processes. With a background in psychology and a PhD in philosophy, Dr. Richter is the creator and co-creator of a number of assessment and training tools, such as The Global Diversity Game and The Global Diversity Survey. At the time of our recording, he was the

consultant to the PMI board as a part of an ethics modernization system task team. I spoke to him in his office overlooking Central Park West in New York City.

0:02:43 AR: Ethics is a subject that goes back thousands of years. Every religion's got ethics in it, right? Every culture has got an ethical system, right? That's ethics, religion, and philosophy. But business ethics, professional ethics, is very, very new. [chuckle] It's only in the last 50 the years that you actually have textbooks on professional ethics. Okay?

0:03:02 KL: Why is that?

0:03:03 AR: Why is that? Because the world of work became hugely more complex and global in the last 50 years. If you go back a hundred years, even before the Industrial Revolution, there was no business ethics. People who worked on farms and whatever, then religion and philosophy guided them. But with the complexity of urban life and globalization, issues of conflicts of interest, this becomes much, much more complex. You're not working with your family now, you're working with people from all walks of life. So, confidentiality, conflicts of interest, fair treatment. You're not working with your cousins and your brothers now, you're working with strangers. What is fairness all about? So the whole field of professional ethics emerged in the 20th century. A hundred years ago, you never did a business ethics degree, but now it's fundamental. You can't do an MBA without business ethics; it's crucial.

0:03:56 KL: What biggest question do you get from leaders when you come in and... They've invited you in, what's the first challenge you have to overcome as you approach leadership who's indicated they needed to talk to you?

0:04:08 AR: I don't think there's one answer to that. In many cases, it's, "Tell us how we're doing," so the measurement thing would be the first thing to do. In other cases, it's, "We know we're not doing well. What are the barriers here?" So let's start doing some analysis here. What are those barriers? Because until you are aware of them and can bring them to the surface, you can analyze, then you can get a plan, "How do we overcome the barriers?" So if it's fear of retaliation, oh, my god, you've got a lot of work to do with leaders in order to build trust and blah, blah, blah. If it's political pressures, well then, it's the... Depending on your organization. It may be we've got to deal with corruption, and blah, blah, blah. So it's going to be very different based on what the barriers are. In healthy organizations, it's often just, "How do we improve our ethical performance here?" And so, let's improve the education, let's improve the communication, let's get more engaged in social responsibility. There's all sorts of ways in which... But there's no one answer to that.

[music]

0:05:13 KL: I was looking at the tool that you authored, The Global Ethics and Integrity Benchmarks. You define ethics... You talk about it as, "Ethics and integrity refer to a commitment to moral thought and action in all aspects of how an organization is governed and run."

0:05:27 AR: Yes. That's what it says. Mm-hmm.

0:05:28 KL: So, when you hit organization and you talk about run, I'm hearing project management from my project management point of view, oddly enough.

0:05:34 AR: Right.

0:05:34 KL: Yeah.

0:05:34 AR: So this is benchmarks not for individuals; this is benchmarks for an organization and anything that's large enough and has complexity. It's the complexity, is the issue. That's what's driven professional ethics into formalizing and formulating and systematizing, et cetera. When you've got large organizations, you need ethical systems in place in order to regulate and moderate and govern. It's about governance. And ethics is always in the long term. You can... Like Enron, you can create corrupt organizations that make fortunes of money, but not in the long run, because somebody's going to blow the whistle eventually.

0:06:08 KL: So you're back to some concept of... In this context, a sustainability, not environmental sustainability, but the organization's ability to actually continue to persevere into the future to exist.

0:06:17 AR: Right, right.

[music]

0:06:23 KL: So are you separating ethics from... Actually, I'd like to ask you to separate the issues of breaking the law versus unethical. Or do they mean the same to you?

0:06:33 AR: Yeah, so there's legal and then there's ethical.

0:06:34 KL: Okay.

0:06:34 AR: We live in a system. All countries have got a system of law that provides the bedrock for what's acceptable and not acceptable. But there's a lot of activity that's maybe not necessarily illegal, but is clearly unethical. If somebody is a bully at work, there may not be a law to prevent that bullying, but there's clearly an ethical prerogative that this is not fair to people, that this is unethical. Ethics sits on top of the law.

0:07:03 KL: Right.

0:07:03 AR: Now there are some exceptions. I'm South African, I grew up in South Africa. Now in South Africa, we had the system of apartheid, where the law is unethical. So, fighting the law was the ethical thing to do. But that's the exception to the rule. Most countries have got a rule of law that is based on decent ethics.

[music]

0:07:25 KL: So, decision-making. What is it we need to know as individuals, we're pondering how that affects individual decision-making or institutional decision-making?

0:07:32 AR: Right, right. So it's both individuals and it's the group or the leadership that makes decisions, and then the actions that follow that are the outcome, and so, it's not... The decision-making is about taking action. Ethics is about what do we do, usually, it's about actions in a

situation, right? But how we get to make the choice about what to do is the critical point. We do a whole workshop around ethical decision-making, and we give them a model. We use actually the ethics mnemonic. So E's "evaluate the situation," check the facts. You always have to start with facts, right? What do we know? What don't we know? What's ambiguous in the case? Etcetera. Go get the facts. So that's the E.

0:08:11 AR: The T is "think about how this affects others." So, ethics is always a social thing. It's about you in relation to the world. And then organizations. The stakeholder analysis can be very complicated. There can be lots of stakeholders, from vendors to suppliers, to customers, to employees, to the board. So think about who's affected by those. The H is "hone in on the issues." We have to be able to categorize. That's key in ethical thinking. What are we talking about here? Is this conflicts of interest? Is this confidentiality? Is this unfair treatment? And sometimes they're very complicated. A case may involve a combination of ethical issues, but being able to identify the issue or issues at play is critical. The next is the" I". We have to *identify* what are the policies, values, rules that shape our thinking here. So, if one of our values is we value respect for diversity, how does that play out in this case? If one of our values is customer service, how does this play out here? And then there may be very specific policies, so there may be a policy about gift-giving or gift-receiving that impacts this case. What is our policy? So identify the policies and values and rules that are applicable in the case.

0:09:24 AR: Then we go onto the C, which is critical now. So C is "Consider the options and the consequences." So, you always have choices, right? We could do A, we could do B, we could do C, we could do nothing, right? So, what's the consequence of doing A, what's the consequence in B, C, and doing nothing? There's always consequences, you've got to... It's like chess. You've got to think about, "If I move here, what's going to come back at me?" And then the last and final step is, okay, you've now got to make a decision. You've got to "Satisfy your responsibility," it's the S, to your organization, first. That's your loyalty. You work for this company. What do they want? What do they say you should do to others and lastly to yourself? And we use the classic old newspaper test. Imagine the banner headlines. Alan did X. Now if I get a feeling in my gut that nobody should be seeing that as a headline, then X isn't the best option.

[music]

0:10:19 AR: After you've gone through the options and consequences, it's what's the best of those options and consequences, and sometimes it's the best of the worst options. It's the least damaging one that may be the only option that you can come up with. We also talk a lot about ethical imagination, because often...

0:10:36 KL: Whoa.

0:10:37 AR: Yeah, we often don't think outside of the box, and sometimes think about, "What options are there that I haven't thought of that are not obvious? Given the situation, what can I do?" And the great breakthroughs are often things that are out-of-the-box thinking.

0:10:50 KL: Well, how do you see this playing out in organization that you've consulted? How do people think out of the box...

0:10:55 AR: Well, organizations... They do, they take stands. That's what great leadership is. I

mean, look what's happened for sexual orientation in this world. And it's often, it's a company that will take a stand and say, "We believe in this, we support this... " So there's a social responsibility, that they've taken a stand on something ethical, moral.

0:11:17 KL: So I'm thinking, if a project manager's got a team of anywhere between 10 or a couple hundred, hundreds of people that are coordinating to get something done. So the question is how is that reflected then when we talk about ethics? Clearly, they are reflecting the organization's value system.

0:11:28 AR: Right, so if they are reflecting their organization's values, and let's say they've got to send a representative of the team to go and work with the client who's homophobic. Do we say the customer isn't always right here? There's principle here and we stand behind that principle. So a team could do that, but it would need the overarching organizational support for that.

0:11:47 KL: So that's important. So, for project managers to operate ethically, they have to operate within. There's a certain amount of complying with the rules that matters here then, not just have personal ethics.

0:11:58 AR: Sure. I mean, that again, is your framework, it's like your legal basis, your foundation. But then on top of that, what goes above those rules when it comes to decency, and rights, and so forth?

[music]

0:12:13 KL: Tell me a little bit about your work with Project Management Institute.

0:12:16 AR: So the Project Management Institute does have a... On the board, has a task team that's looking at the modernization of the ethical system of PMI®.

0:12:24 KL: Is that because it's old?

0:12:25 AR: All organizations need to review their ethical system. Why? Because things do change. So, your code of conduct, your policies, all of the stuff has to continuously be reviewed. Best practice for learning and development amongst organizations is that you do ethics training or education every year or every two years or so. That there's a refresher that reminds you about, "Here's our code. Here's our values." Anything new that's come up, now we have, I don't know, a protection against retaliation, new policy, or we have a sexual harassment prevention policy, or whatever, we need to reinforce that. Having a conversation is the best way to remind you of that. That's why face-to-face training is far more effective, has a much longer half-life.

0:13:09 KL: Project managers ought to be doing that in our kickoff meetings? What is it for us to be ethical on this team, perhaps? And what does it mean to be working in this organization ?

0:13:16 AR: Yeah, the ground rules for the team. Which usually goes back to the values. I've done a lot of work with companies and organizations for years on their value system. If I don't see integrity as a value, as a core value, I get very worried, [chuckle] because what is this organization doing if they don't have integrity as foundational to their organization?

0:13:33 KL: Don't you think that's some level of assumed? Because it seems very vague.

0:13:36 AR: Yeah, but assumptions aren't good enough. I've worked with companies where it's not been explicit and they've fallen into ethical misconduct. And what we then had to do is, "Okay, so now let's establish this formally as a value. Let's train to that, let's communicate around so that we don't fall into the trap again."

0:13:54 KL: So you're getting into some practices that organizations can take, and that reminds me of the tool that you published here. And it's a very refreshingly direct, and in a certain sense, simple.

0:14:05 AR: Yeah.

0:14:05 KL: In that it has guidance in there, and I saw that you looked at foundation categories, ethical culture categories, and risk management. You picked up ethical risk management as the three areas that we can look at some scale of improvement, looking at guidance.

0:14:20 AR: Right. Right.

0:14:20 KL: Who needs to use the tool?

0:14:20 AR: When we do this with organizations, we often will do focus groups with employees, with staff, and with managers and so on and so forth, in order to see, how does the staff see this? How do employees lower down in the organization, how do they see leadership? How do they see ethical culture, how do they see conflicts of interest? And if they see it at the same way as the leaders do, then you've got a very level headed leadership team, not rose-tinted glasses who think everything looks great when in fact, it isn't. We look at the delta between the leadership team at the top and the employee base to see where's the gap. The healthier the organization, the smaller the gap.

[music]

0:15:02 AR: Whenever I work with organizations, no matter what they do, I ask them to look at, what's your connection to the world out there? So you make widgets or you provide this service or that, but how does it connect to the world? If you can't find any connection between what you're doing and what the world should be doing, there's something wrong with your organization, right?

0:15:22 KL: Right. For businesses, often it gets to a bottom-line question right? How does this make my business more effective?

0:15:27 AR: Companies that are ethical do better in the long run. Financially, they do better, for obvious reasons. There's a connection between being good [chuckle] and your reputation, and how you're seen in the world.

0:15:39 KL: So it's reputational risk?

0:15:40 AR: Huge! Just a quick thing about... So this is for the private sector, not the public sector. But the majority of the value of a company today is intangible assets, not tangible. So if you go back a hundred years, the value of Company X was the widgets it made. It was really, how many

widgets did you make, and how much did you sell and what profit did you have? That's the value of the company. Today it's the exact opposite. It's not about the tangible assets; it's all about the intangible assets. So if you look at a company like Apple and Google, and Alphabet, and Amazon, how much are they worth? They're worth close to a trillion dollars, these companies. You look at their tangible assets. How much money is in the bank, buildings, equipment, etcetera? It's a very small fraction, it's maybe 40, 50 billion. So, the ratio is now like 20:1 for intangible versus tangible assets. So what are those intangible assets of an Alphabet or an Amazon?

0:16:31 AR: The intangible assets is their reputation, which is about ethics. It's about the know-how of the organization to continue to create products and services. That's where the diversity comes in, because without diversity, you don't have that know-how. So in other words, diversity and ethics have a huge role to play in the valuation of a company. Look at Uber today, look at Airbnb, they don't own anything. All the value is intangible. It's know-how, but it's also reputation, and Uber's reputation, [chuckle] when you have sexual harassment, that's going to bring it down, right?

[music]

0:17:08 KL: What happens when a person is trapped inside a system? When they're in a system, their option is either to get out or to raise their voice. Is that what ethics is going to be about, is the ability to allow this voice-raising?

0:17:18 AR: Yes. The more ethical an organization is, the more comfortable and safe, psychologically safe, it is for a person to blow the whistle on something that they see as unethical. And if they don't because they fear retaliation, then the company goes down the wormhole. That's the problem.

0:17:35 KL: Is that what you mean by risk management, ethical risk management?

0:17:37 AR: Yeah. The organization needs to assess the risks that it faces, number one.

0:17:41 KL: Okay, where their ethical lapse..So they need avenues for people to come through on that.

0:17:44 AR: Exactly.

0:17:45 AR: And then they need to look at our practices to avoid corruption and bribery, to avoid... or at least to manage, because you can't always avoid…conflicts of interest. To manage confidentiality, but also transparency. There's two sides of that coin there.

[music]

0:18:04 AR: We've just finished the survey with the Project Management Institute where we have 3,400-plus data points, and we're busy analyzing the data.

0:18:11 KL: Tell me a little bit about that and what's coming up with that.

0:18:12 AR: So these are ethical cases that we put online in a survey. 3,400 people took it, and we had 10 demographic questions. So in addition to the 10 simulated cases, we wanted to know their

gender, their culture, their age, their nationality, their level, what kind of project manager or non-project manager they were, their education level. And the cases covered a whole range of issues, from conflicts of interest to confidentiality, unfair treatment, sexual harassment, you name it. And we asked folks, what's the best course of action given these four options? We didn't ask for qualitative... You know, explain yourself. No, we just said, "Here's four options. Of these four, what do you think is the best course of action?" So now we're doing the analysis and how do the demographics affect the decision-making.

0:19:02 KL: I'm going to have to call you and follow up on this, and find out what the answers are.

0:19:05 AR: Sure. Yeah.

[music]

0:19:09 KL: Stay tuned, PMs. We'll get back to Alan to find out about the results of his survey before this episode is over. Meanwhile, I highly recommend checking out some of his assessment tools. You can download them for free on the QEDconsulting.com website.

[music]

0:19:31 KL: My next guest, Michael O'Brochta, hardly needs an introduction. This is his third time on PM Point Of View®. The first time we discussed project management in intelligence, check out the PM Point of View® episode number 28, "Spies Like Them." More recently, we discussed his new book, How To Get Executives To Act For Project Success, which came out in February 2018. That's in episode number 48, "New Releases: Conversations with the Authors." Now he's here to talk ethics, and he's particularly well-qualified for that. Michael spent seven years on PMI's Ethics Member Advisory Group, including two years as the chair of that group where he led the development of the ethical decision-making framework. Tell us a little bit about the Ethics Member Advisory Group itself, because I think a lot of people listening are probably members of the Project Management Institute, but they may not be aware of this group.

0:20:25 MO: The Ethics Member Advisory Group puts out large volumes of information targeted at helping the members behave in an ethical way. This is the group that wrote the PMI Code of Ethics and Professional Conduct. It's the group that puts out additional information to help people interpret the code and use it. And I think one of the biggest accomplishments during the time I was there was the total revamping of the ethics pages on the PMI.org website.

0:21:04 KL: Really? Okay.

0:21:05 MO: Now, when you go there, you've got a huge amount of curated content specifically put there to help the members, and not the least of which is the ethical decision-making framework. So once you read the code and try to follow it, you realize pretty quickly dilemmas are going to come up. There's very little black and white in ethics. For many people, it's a lot of gray. So when a dilemma comes up, now there's a great tool on the website to help people sort through that dilemma and pick a course of action that they can live with from that point on.

[music]

0:21:53 MO: The code of ethics in its current form is 10 years old.

0:21:56 KL: 10 years old, okay. But what was new that I had not heard was this ethical decision-making framework, the EDMF, I guess we call it. But I was impressed, and those of you listening might find it interesting, it's only two pages. So it's nice and tight, bullet format, with good explanation. So, right here is a framework for how to walk through those gray areas, a decision-making concept, right?

0:22:20 MO: When we talk to chapter leaders around the world, and when we talk to PMI regional mentors around the world, the thing that we learn is that they seem to be confronting ethical dilemmas almost on a daily basis, some major, some minor. So what we've done in PMI is we've adopted a common, or perhaps even a best practice, to build an aid or a tool to help our members.

[music]

0:22:56 KL: I felt it was pretty much, in a certain sense, a generic assessment/take-action model. Figure out what you're up to, what are your options? Think about the one that's best, make an action, right? And then I looked at the sub-bullets. It does help you think through... Sure, we can talk about a choice in terms of alternatives, but it's really talking about greatest good and how it treats other and the concepts of fairness. So then I realized, oh, the framework may be fairly straightforward, but you guys have been very pointed in your sub-bullets. What do you do to assess, to identify alternatives, to do analysis? What did you guys go through to help those decisions? Because it strikes me that it's still within the context of the code of ethics, responsibility, respect, fairness, honesty, and cultural competence. This seems to reflect that in my mind, but was that how you approached it, or…?

0:23:45 MO: It was how we approached it, and we were very much aware of the global nature of the PMI membership and very much aware that different cultures around the globe might interpret the term "fairness" or the term "honesty" differently. So the challenge then was to provide them an ethical decision-making framework which would honor the fact that some of their ethical decisions needed to be influenced by those local interpretations of this common worldwide standard we call the PMI Code of Ethics and Professional Conduct.

[music]

0:24:35 KL: Let me go back to this decision-making framework still. What did you find best about it when you look at it?

0:24:41 MO: I'll tell you what we found that was best, and we found this when we took the drafts of the EDMF and piloted it with hundreds of PMI members around the world. And what we found best was the fact that it resonated across those cultures and across those different interpretations of the word "honesty" or "fairness." And then the second thing we found they liked the best was the simplicity of the tool.

0:25:14 KL: I urge everyone to read this, as I'm looking through at the assessment. It says, "You should asses your situation, consider all alternatives, do the analysis of those alternatives in terms of making a decision in a case of…you're not sure if it's ethically good or not. Apply your ethical principles to that decision and the analysis, and then to take action." And it really seems to be very

strong on highlighting things like in the analysis, are like... It's asking, is it positive or negative? But it looks at it from different stakeholders' point of view and it talks about, does it seem like a good idea a year from now? This idea of, how will I reflect on this?

[music]

0:25:58 KL: Let me go back to the code of conduct for a second. I was also impressed with something that I had seen written about it, which, the code is really intended to instill confidence in the profession. All of us who have been certified have signed off on the code. But it sounds like the purpose of this was so that an external view of us is that they can count on us. What drove that decision?

0:26:21 MO: Branding. We very much care in PMI about not only the brands of PMI, but the brand of project management. PMI long ago adopted the perspective that it was in it to help the world understand the value of project management as a profession. And as a profession, at least as the kind of profession I want to be part of, we need to have ethical standards. Codes of ethics and professional standards have really become much more common during the last couple decades. And one of the driving reasons is demographics. If you take a look at the value systems held by certain segments of our society, the younger segments are placing an increasing emphasis on social good, sustainability, and ethical behavior. And those younger segments in particular are allowing those to influence their buying habits. They're allowing those to influence the habits that they employ when they make a decision to join or not join an organization.

[music]

0:27:42 KL: Do you anticipate sustainability or the ability to evaluate the goodness of a project to be incorporated eventually in this? Or does that even have a place?

0:27:52 MO: You know, Kendall, I think it already happens.

0:27:56 KL: Okay.

0:27:57 MO: Back there in the '60s let's say, project success was largely one-dimensional. If we were at NASA, then the definition of project success would be the rocket launched. During the '70s, we expanded the definition of project success threefold, right? Cost, schedule, and performance.

0:28:20 KL: So let's frame that. The rocket was launched, and it was launched on time, on budget, and actually worked.

0:28:26 MO: Exactly.

[chuckle]

0:28:26 MO: Well, you know what? It got expanded again. And there's a very famous presidential speech given by President George Bush explaining that the reason we go to space, the reason we build rockets, is to lift national spirit. Well, Kendall, that's a pretty big, broad definition of project success. And I will tie that definition back to your comment about ethics and sustainability. Absolutely, the definition of project success has spilled out well beyond the traditional boundaries

to include social good, sustainability, ethics, and even lifting national spirit.

[music]

0:29:13 KL: Under each of these areas of responsibility, respect, fairness, honesty, and cultural competence, there are a number of sub-bullets of verbs and actions we should be taking, some of which are flagged as mandatory. And I would give an example. Under respect, for example, one is identified as listening to stakeholders, addressing conflict as required. These are things that are required under respect. But what is flagged as mandatory are things like not acting abusively. They're clearly all important, but why are some things flagged as mandatory versus others?

0:29:43 MO: The notion here is that there are a limited number of things that we can apply universally around the world in all cultures and hold people accountable to. And those are the mandatory elements.

0:30:00 KL: Yeah, let me...

0:30:01 MO: And the other elements are there because there are some things we can do in addition to the mandatory elements to allow us to behave in a more professional way, and allow us to do that and still honor those cultural differences.

0:30:16 KL: So it's something like necessary but not sufficient requirements of the mandatory ones, and it varies by the culture we recognize.

0:30:25 MO: It absolutely does.

[music]

0:30:31 KL: Can you elaborate on the role of ethics viewed in the leadership context for project managers?

0:30:38 MO: A couple decades ago, a book was written by James Kouzes and Barry Posner called "The Leadership Challenge." And one of the quotes from that book is, "It's clear that if people anywhere are willing to follow someone, whether it be into battle or into the board room, into the front office or the front lines, they first want to assure themselves that that person is worthy of their trust."

0:31:02 KL: Mm. As soon as we move to worthy of trust, that means you have to signal it. And that sounds like you would signal that through ethical behavior.

0:31:11 MO: I think you've nailed it. To establish in a visible way that you are trustworthy. And my point is, what better way to establish that than through the values in the code of ethics?

[music]

0:31:28 KL: Let's talk about it from a follower's perspective, and we hate to use the word "follower" sometimes because we all want to be leaders. But in fact, I would make the argument that being a good follower is what makes a good team. So, what is the role of ethics in becoming a

good follower?

0:31:41 MO: So think about it for a moment. As followers, particularly in the project management space, particularly when we work in environments that are called "matrix organizations." So, as followers in that space, we have a lot of people that are "our leaders" or at least our bosses, right? We have a lot of stakeholders. So there are a lot of folks that we as followers have to make decisions about. So which of those folks are we going to follow the most faithfully or the most often? If I'm a follower, Kendall, I'm following the people that I trust. I'm following the people that I can rely on to be ethical.

0:32:26 KL: As a follower, what I just heard you say, the word came out to me as "commitment." It's like, "Now that I've chosen to agree to follow you, you are worthy of my trust, and we're going to build trust, I'm all in."

0:32:38 MO: I agree with you. And there's a study that caught my eye a couple years ago about the impact of the leader's level of ethical behavior on their workforce. And essentially, if the follower is in a situation where they don't see that the leader has the commitment to act ethically, then over time, that follower's system of values begins to erode, you know? Maybe today, they leave work five minutes early. Maybe tomorrow, they help themselves to a couple things from the corporate supply room. And maybe next week, there's something more serious that occurs, a more serious ethical transgression. And why is that happening? Because that leader has established a culture of permissiveness.

0:33:34 KL: Yep, we've heard this before, the classic story being Enron. It's almost as if some of the staff or the team members don't recognize they're now in a more challenged environment. It becomes easier and easier, as you said, permissive. So they're permitted to do things that don't feel unethical anymore. And before you know it, lots of folks are acting unethically, there's a system that promotes it.

[music]

0:34:00 MO: In my dealings with PMI members and project managers around the globe, I hear personal stories over and over again how where they work has a culture that doesn't match their personal ethics and values. And that mismatch, of course, is what causes these dilemmas. So back to the ethical decision-making framework, right? Most of us can benefit from a little assistance in dealing with this mismatch. I will say one thing, though. Those four values in the code, responsibility, respect, fairness, and honesty, those still play pretty well for most situations these days. And I will say that when those four values are practiced in a consistent and open way, project managers find that they are better leaders than they ever were before. In fact, they find that they have more followers than they ever had before, because after all, who would you rather follow, someone with those four values or someone without them?

[music]

0:35:17 KL: So there is real value to acting ethically. The ethics and values of a business or organization can actually make or break a business. More and more, consumers tend to do business with companies that share their ethical standards, that can be trusted, and they shun those that don't. I strongly urge you to check out the ethics section of the PMI website at pmi.org/ethics. There you

will find articles, webinars, and tools. Plus, there's contact information so you can reach out directly to the Ethics Member Advisory Group regarding ethical concerns or questions you might have.

[music]

0:36:00 KL: I am happy to have the opportunity to follow up with Greg Balestrero, who is joining us on PM Point of View® for a second time. Greg is well-known to a generation of PMPs®, having served as President and CEO of the Project Management Institute from 2002 to 2010. When I spoke with him in 2014, he had recently published a book co-authored with Nathalie Udo called "Organizational Survival: Profitable Strategies for a Sustainable Future." Check out episode 9, "Corporate Sustainability: Beyond Profitability, Moving to Prosperity." Here's what Greg said during that episode that struck me about how PMs have an ethical responsibility to understand their projects and their contribution to sustainability.

0:36:42 GB: The whole issue of ethics and values must be embraced by the project manager. If you're, in the simplest form of project manager, gathering and manipulating assets to create value for some consumer or some customer, then it's incumbent upon you to determine, "Is this a good thing to do?"

0:37:05 KL: So, I wanted to follow up with you on that. After you did your book, did you get more information from anyone? What have you have observed in the couple years since you wrote the book?

0:37:18 GB: First of all, thanks for having me back on. I think ethics remains the real critical issue for business risks in the future. And I think the easiest thing to look at is business reporting from sources such as The Wall Street Journal or The Economist and you continually are apprised of situations where ethics are at risk. Now, the most dominant company that had that at risk was obviously Volkswagen.

0:37:52 GB: And what happened with their global issue regarding emissions control. That was an example of what happens. They have not recovered fully from that. Their stock plummeted. Their settlements are going to be in excess of $16 Billion or $17 Billion, and their former CEO was brought up on criminal charges. It is unacceptable to the public. People trusted Volkswagen, when they established Volkswagen as a leader in sustainability with their new diesel engine.

0:38:30 KL: Right.

0:38:30 GB: And they didn't sign an ethics agreement with them. There was a latent belief that they would have a safe car that met the expectations that they published and created. And they failed that and the public reacted vehemently at the time. Now, they're rebuilding their organization, but it was a powerful, a statement about ethics. Their ethical behavior, and all of the employees that knew of it, were in some way defeating the trust that the general consumers had on that organization.

0:39:05 KL: Yeah.

0:39:06 GB: And unfortunately, Project Managers, every single day, are working for their companies in a way that they could easily become part of those unethical performances. I call them moments of clarity, where one day you go in, you start work and you go, "Whoa! That's not right."

And you try to bring it up to the attention of someone, and they try to justify it and you walk away and in your heart, you believe, that's not right. Well, that's a moment of clarity and you have to act on it in a way that is going to benefit the consumer, and be true to yourself.

[music]

0:39:53 GB: There was a time that if you had an ethical belief in say, Big Blue, IBM or Volkswagen, or any of the major global organizations, there was some expectation that your business ethics, that you adopted for being an employee, would be satisfactory to the consumer. Well today, you almost have to be very cautious of your own ethical behavior and see when it's jeopardized, and when it's jeopardized, is that a jeopardy that puts you at risk, number one, legally? But also professionally? And that's not easy. It's tough for a Project Manager.

0:40:32 KL: How is it that we're seeing more of this? Or is it just that how we're sensing it is different?

0:40:37 GB: We're probably seeing more of this because of media; social media and mainline media.

[music]

0:40:46 GB: And when I talk about sustainability, sustainability of mankind on the planet, and then sustainability of organizations too. And companies have to look at environmental, social, economic and ethical issues as business risks. And if you did, you would see that you can't jeopardize it. An example of that is the United States backing out of the Paris Accord. Most of the major corporations have not changed their expectations that we are dealing with climate change. They continue to design and build companies that, in spite of government actions, are becoming far more environmentally friendly, in reducing emissions, period. And in spite of what the government does, because it can go either way. One administration may say it's terrible and set in business restrictions. Another one say it's not terrible and cut out those business restrictions. But the smart business leaders are looking ahead and saying, "These are real business risks and I have to work my company to do it." And there are... And I'm optimistic. I think more companies are behaving. Whether we've acted in time, is yet to be seen. But certainly companies are acting responsibly.

[music]

0:42:07 KL: If I'm following correctly, implicit in this discussion from your mind is, there may be something like a national ethic or the government's ethic representing the nation state. And then there's this corporation that has some sort of ethics probably around how it operates and around the value of the products itself or the services itself. And so what constitutes ethics from the individual's perspective? Is it, for example, the application of their values, the alignment of values as an employee, as a PM inside a company, inside a nation, are you seeing these as different? Do you see them as tiered?

0:42:46 GB: Well it's a good question. As soon as we start to put it in boxes, there are more boxes we can add to that.

0:42:51 KL: Oh sure. [chuckle]

0:42:51 GB: As people we're influenced ethically from the very minute we're born. So you have all the surrounding influences of family ethics, then school ethics which change from preschool to elementary, to middle, to high school, to college, and each one has ethical boundaries that change. And then after that, it becomes professional boundaries. And then from professional boundaries it's influenced greatly by business and the community that you live in. The Midwestern values may be different from the values in New York City or the California values maybe different than the Florida values. So you're constantly bombarded with influences that challenge your very fundamental values. And I think most critical, especially in project teams, is to decide early on in what they're doing, what are the values we are going to ascribe to?

[music]

0:43:55 GB: I know that the Project Management Institute has launched a major initiative to study the ethics of the profession. We did that I think in 2003 or 2004, and it was the first time we had had ethics written for the member, and ethics written for the certified professional. But we didn't have something that embraced both. And now with all the certifications that are there with PMI doing this again as a professional is excellent. But you're still, you have to evaluate it from your personal ethics as well. That influences you greatly. But I really applaud PMI for doing that. I think it's a really great initiative.

0:44:41 KL: I think they did the survey in March of 2017 and the analysis is coming out shortly.

[music]

0:44:53 KL: Is the appropriateness in the application of ethics then, the matching of the teams to the companies, is that the goal or is it in the accommodation? How are we seeing that?

0:45:06 GB: Well, I think first off every project team should face the fact that when they operate, they operate under a set of conditions. And part of the conditions are the values that they're going to embrace and they have to understand what they are. And if it's latent, then it's incumbent upon the project team to talk about it and find out what it is, and then make sure that you embrace them as a team. And if for some reason the team doesn't embrace the values of the company, you're going to have a problem along the way, it's just going to affect people. They're going to be resistant to conduct operations, to implement the change that's underway.

0:45:48 GB: For example, the Me Too initiative. I think it's important that the project team says, "Verbal or physical harassment has zero tolerance," say that's an issue and make it very clear. Now, some people say, "Well, why do we have to worry about that? I'm not going to do anything." You do have to worry about it because if you're a witness to it, then you stop it. That's what the moment of clarity is. So it's incumbent upon project teams to at least verbalize what values they have in the conduct of business.

[music]

0:46:30 GB: It doesn't mean that you accept the company values. There may be a couple of things that you don't like about the company.

0:46:38 KL: There we go.

0:46:39 GB: I would love to see that everybody loves the company they work for, but they may not, they may not see it. And if there's something that's going to be done. For example, if there was a project team working on the Volkswagen engine management system, and they saw that the emissions control system could be dialed off and dialed on only when it was connected up, there's your moment of clarity. Do you go forward or do you hit the whistle blower track? And in that case, I think the whistle blower track might have been shut down. So it's time to act. And that's a tough decision to make because it's your career, but it's part of understanding: we will ascribe to these values, we will protect the consumer, we will make sure we treat each other with respect. So for me, it's analyzing both, and it doesn't have to be a long process, analyzing both the corporate or business ethics that you think they ascribe to in the relationship to your project, and then see if there's any... Because you have such diversity and professions in a project team, as well as globally, you're going to have nationality issues that will affect them too, is to talk about them and say, "Is there anything that you're concerned with or do you feel we should address as a value when we work together?"

[music]

0:48:15 KL: I'm remembering when you talked about this earlier as well. So it's this challenging that you set up at the beginning. We're part of this firm. There are business ethics and this relationship to team, your quote with something to the effect of...

0:48:30 GB: We go into a project team, especially a virtual project team, and you've got Muslims, Catholics, Jews, Christians, Atheists, Agnostics on your team. You've got people who live in different parts of the world with different upbringing and cultures, and then you've got the corporate values. And I ask the same question. How many of you at the beginning of the project spend one hour, just one hour talking about the team's perspective of values of the project and it's relation to corporate values?

0:49:04 KL: You noted that somebody might say, "Well, that's not really the scope of the project manager". And your comment was, "if you're worrying about organizational survival, it is".

0:49:12 GB: It is.

0:49:12 KL: So in your opening kick-off meeting, when you talk about the initial scope and charter and things, and your call is, there should be a values discussion or an ethics discussion. And I think it has to do with making sure we have everyone's values and ethics on the table so that we can coordinate and cooperate moving forward, is where I think this comes from.

0:49:30 GB: That's absolutely right. And doing that, helps recognize diversity on the team. There's professional diversity, number one. So if you had legal and accounting, and marketing, and engineering, and design and a project manager sitting at a table, I can guarantee you their professional ethics would be slightly different. And I think what would be beneficial, just consider a Venn diagram where... Let's find out what brings us together, not what separates us. What are the values that bring us together? That's a simple exercise, and it's an exercise that will pay off in the long run. That's how we not overcome diversity, but embrace it and utilize it to the best benefit of the project focus as well as to one another.

[music]

0:50:28 KL: I want to shift in a bit, there is something you had mentioned earlier as well, which was the link of the role of the Project Manager to the public trust. Now, we talked about earlier at the top of this around the corporation and their products that they're putting out. How do you see the PM role linked to that, to public trust?

0:50:45 GB: I think it comes to how much customer facing, there will be with the project. So as a Project Manager, the higher the customer-facing relationship, the more scrutiny there should be, is this ethically a sound product or service that we're providing. When you go across the bridge over the Chesapeake Bay, you're convinced that bridge is going to hold you up. You don't stop and say, "Can I see the specifications?" But if you're part of the team building it and you notice a weakness and don't report it, then you're... That's a moment of clarity. That is a breach of your own ethics.

[music]

0:51:37 KL: Did you experience then anything particularly unique, interesting in some way different with the project management, ethical framework? Did it have something different than other professions you've engaged with?

0:51:53 GB: I think there are common elements to all professional ethics, whether they're legal or project management or medical. But then there are things that set each one apart. By and large, our Project Management universe is a powerful force, and it's a powerful enterprise to delivering value in virtually every aspect. And what I think sets the project management team apart, let's just say a Project Manager is working full-time for a non-profit county medical system, and they're putting in a new Patient Management System, and there are doctors and medical practitioners that are part of your project team. You have to embrace that, you have to understand it. And what are the implications of it, so that you don't overstep the boundaries of the project team. By the same token, if you're a construction project manager, building a bridge across a body of water, you're going to have construction managers, you're going to have the union and non-union trades involved.

0:53:14 GB: You're going to have to understand their values and what they are going through to make sure that you celebrate the diversity and also not breach the ethics that you might find, or the professional ethics that you might find in one trade that's not in another. It's not just another box that has to be checked. Did I cover my value discussion? Yes. Did we cover the budget? Yes. Did we cover the schedule? Yes. [laughter] No, that's not what this is about, this is about making sure that everybody understands they have an ethical responsibility as well, and you're kind of the ethics manager for that team. So I think the project managers have a unique role. They have to be interpreters, and that's a special aspect of the project management community, I think.

[music]

0:54:18 KL: As part of a larger organization, PMs must be alert to their own ethical behavior. If you have a feeling, that there's something wrong with the systems and behaviors that are in place, say something. Be true to yourself. More than just project managers, we are ethics managers. When teams come together, each individual brings their own personal value system, as well as that of their profession. It is the PM's responsibility to help the team define the rules of engagement – the values and the ethics by which they all must abide. And you know what? That will make for a much more

harmonious and efficient team.

[music]

0:55:04 KL: After the results of the QED survey came out in the April 2018 edition of *PMI Today*, I went back to New York to do a quick follow-up with Alan Richter.

The long awaited paper has come out from PMI®, it was in the April edition of PMI today, and we're just going hear the punchline from the man that has the punch to tell us the line. So tell me about the bottom line.

0:55:26 AR: Well, there are two bottom lines. I think the first bottom line...

[laughter]

0:55:29 AR: The first bottom line is that there's a pretty high level of universality when it comes to ethical decision making. So in cases for example of sexual harassment, where doing nothing in the face of a sexual harassment claim, would clearly be unethical. 99% of the world, regardless of culture, gender, age, etcetera, will take action. The question is what action would they take, and that's where we do find the interesting differences by ethnicity, by age, by gender, etcetera. The second important finding is that of all the diversity dimensions, the most significant one when it comes to ethical decision making is ethnicity or culture. In all 10 cases we found statistically significant differences of one kind or another, in these cases.

0:56:19 KL: So this means by culture, for example something like Japanese culture, American culture?

[overlapping conversation]

0:56:24 AR: Well, yes. Well, we had it by countries and by regions. And by region it would be Asia versus Africa versus Europe versus Middle East. The one that was the least, and this was a surprise to us, the least significant was education. Gender in only four of the cases. Again, that was a surprise, we thought gender may be a larger number of statistically...

0:56:47 KL: Describe the cases for a second.

0:56:48 AR: The one case I'm thinking of in gender is somebody's bad-mouthing somebody. What do you do? And the gender difference was that women tended to be more relationship oriented, would go and talk to the person who was being bad-mouthed. The men were more task-oriented. So just to give you a few kinds of cultural differences, say for example, task and relationship is a well known dimension of culture. Where some cultures are much more task oriented, others are much more relationship. Think of the US as task, think of China or Japan as more relationship oriented. Similarly the way we communicate, some cultures are very direct, the Germans are very direct, some other cultures are very indirect. Think of the Thais or many Asian countries, much more indirect in the way they communicate. There's another one that's wonderful called indulgence versus restraint.

0:57:39 KL: Oh, I've never heard this.

0:57:39 AR: Some cultures are very indulgent, others are more restrained. It's really more about the present, let's live for now. Which is indulgence versus restraint. Let's hold off and plan for the future. Well, for example in age, younger folks tend to be much more indulgent, older folks tend to be much more restrained. [laughter] And we see that in the actual cases. So all of these dimensions, hierarchy is another one; short-term long-term, that ties in with indulgence and restraint. They all play out in interesting ways in the case studies.

0:58:13 KL: Now that you have the output from the document, what does it mean and how does that get incorporated into something like building an ethical framework, or some action or way of ..what?... training? What do we do with this information?

0:58:24 AR: Well, certainly for training, these cases and the research and the findings can be used in training. So this will be ongoing and updated. Obviously PMI can use this themselves. It's co-owned as it were, and so for any future ethics training this is relevant. Certainly from a strategic point of view looking into the future for PMI's ethics system or framework, understanding how important culture is in terms of ethical decision-making would be important, and so I know PMI is looking to be as global as possible. So understanding the subtle, but real differences across cultures would be important in terms of explaining ethics and teaching ethics and supporting ethics worldwide.

[music]

0:59:12 KL: Based on this survey and the work, Alan and the board are doing on the ethics task force, we can expect to see some changes. Be alert for any updates to the code of ethics, and always aspire to adhere to and model the four values: Responsibility, respect, fairness and honesty. They will serve you and your teams well. Special thanks to my guests Alan Richter, Michael O'Brochta and Gregory Balestrero.

0:59:38 S5: Our theme music was composed by Molly Flannery, used with permission. Additional original music by Gary Fieldman, Rich Greenblatt, Lionel Lyles and Hiroaki Honshuku. Post production performed at M Powered Strategies.

0:59:54 KL: PMP®s who have listened through this complete podcast may submit a PDU claim for one PDU in the talent triangle, leadership, with the Project Management Institute's CCR system. Use provider code, 4634 and the title, PMPOV0050 ethics. Yes, this is our 50th episode. Visit out Facebook page, PM Point of View to comment and to listen to more episodes. There you will also find links to the transcripts of all of our one hour productions. You can also leave a comment on the projectmanagement.com portal, evaluate us on iTunes, and of course, you may contact me directly on LinkedIn. I'm your host Kendall Lott. And for all times keep it ethical and get it done.

1:00:39 S5: This has been a Final Milestone Production sponsored by M Powered Strategies.