



# Ethics at the Seams: How exceptional executives build whole organizations

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**Ethics By Design**

New York University



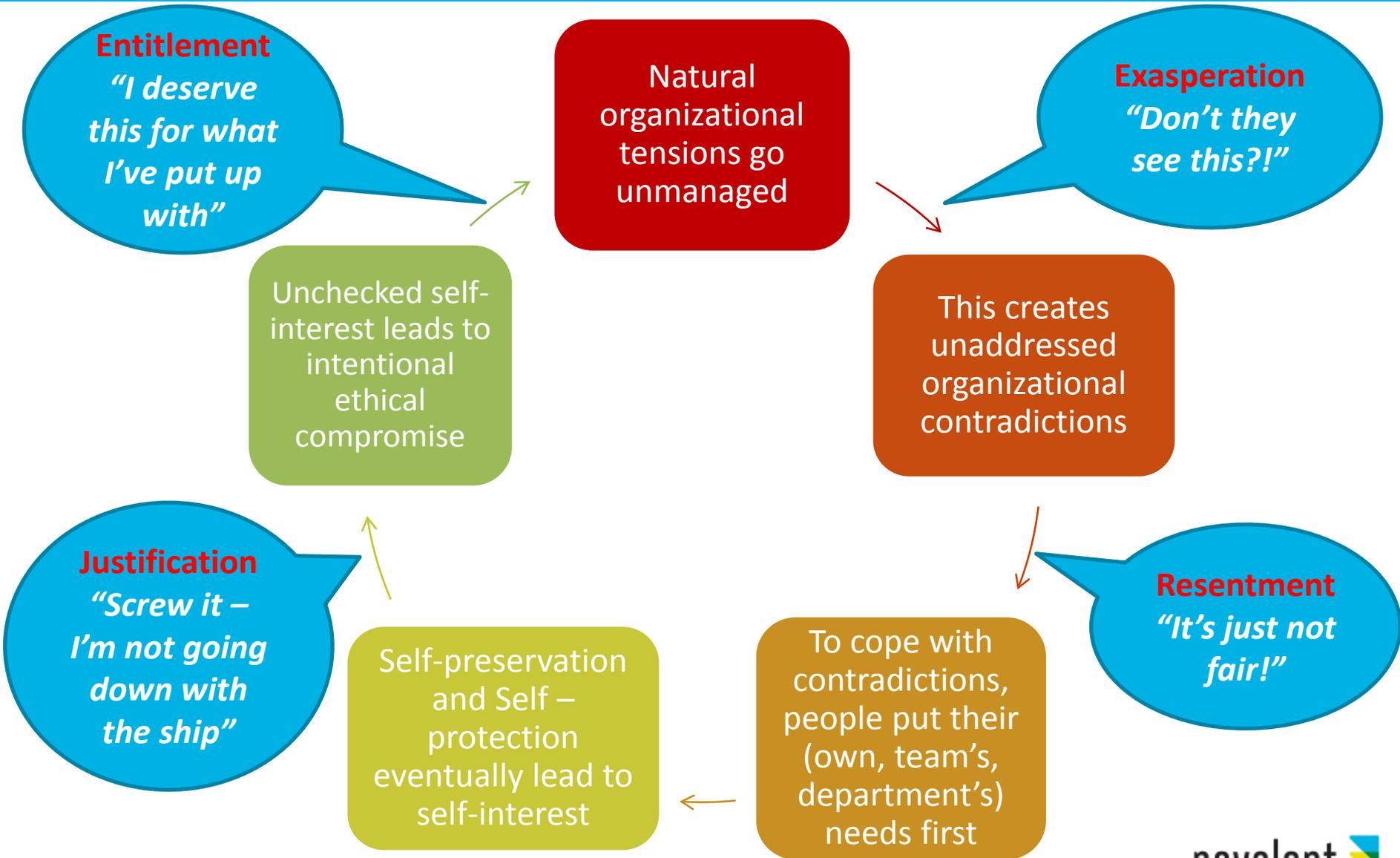
powering your transformation journey



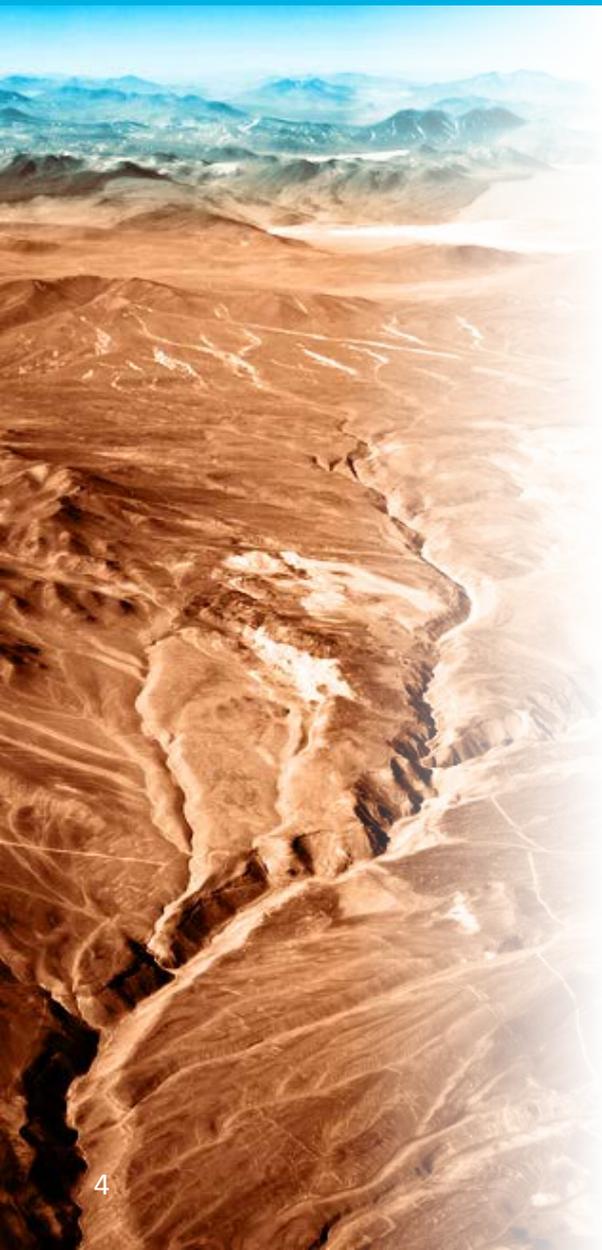
## Sound familiar?

- ▶ The head of Supply Chain just had a \$3.5M capital investment approved to overhaul a plant to triple production; the head of Marketing in the same division had their budget cut by 25% while the head of Sales divided quota territories
- ▶ The head of HR announces a hiring freeze. Two days later, the most profitable Business Unit posts vacancies for three new positions
- ▶ The annual bonus targets are set three months into the fiscal year with a 14% increase in targeted revenue growth (6% higher than forecasted) and no increase in resources
- ▶ The head of R&D is told the new product pipeline requires 20% higher throughput and must increase its yield from 2 to 5 new product launches in the next 18 months. They are given no resources to add headcount or new lab equipment. The head of Marketing is so busy doing market research for existing products they have no capacity to do research for potential new markets or products to guide R&D's choices
- ▶ The CFO has announced a third quarter spending freeze to allow time for the natural timing gap of cash to catch up with P&Ls. Immediately, four executives lobby heavily for exceptions to make investments that were already in their plan for the third quarter. Two of the four exceptions are granted

# The pathway to ethical dilemmas



# The petri dish breeding ethical challenges in organizations: Unmanaged contradictions at the seams



Left unmanaged, seams may become destructive fault lines due to

- ▶ Divisional sense of purpose and function
- ▶ Distinct tasks and performance measures
- ▶ Evolving norms and behavioral expectations

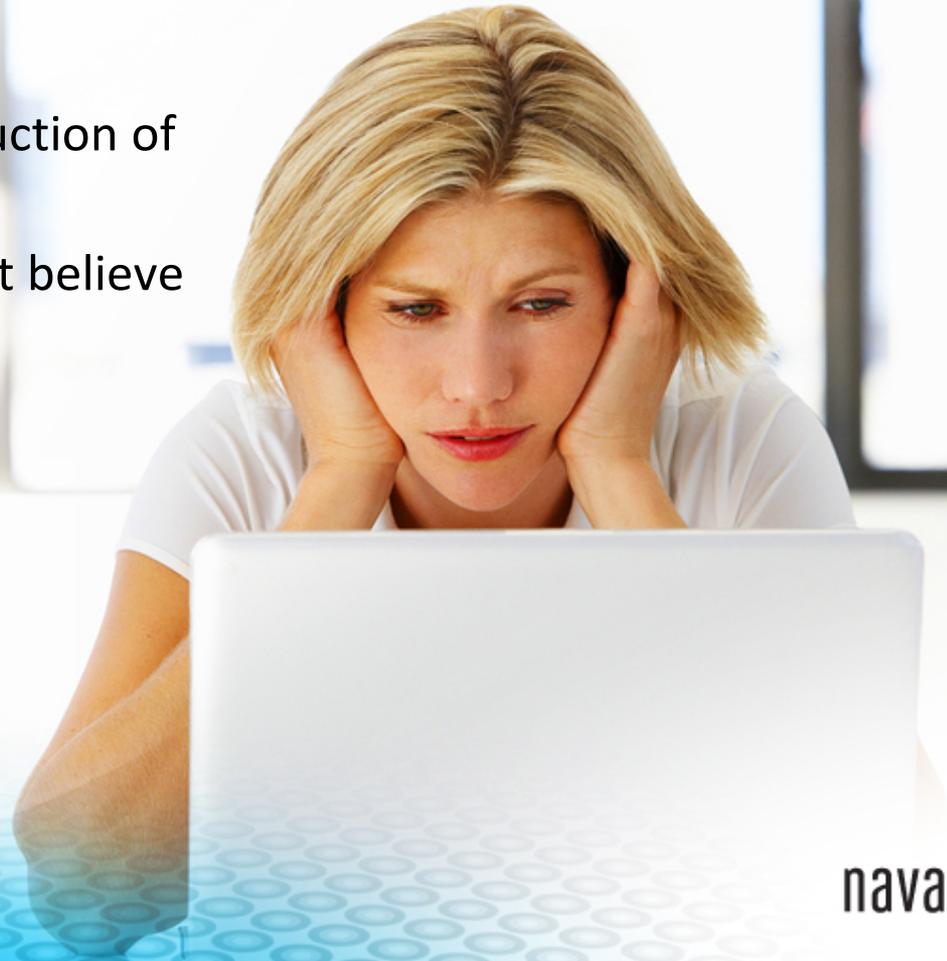
These fault lines create insularity and make it challenging to

- ▶ Understand others' perspectives
- ▶ Accommodate differences and act for the greater good
- ▶ Execute in a coordinated fashion

## Stemming the tide...

**50-65%** of newly appointed executives **fail** within the first **18 months** of their assignments, and this statistic has persisted for years

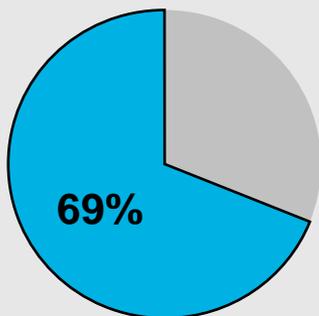
- ▶ Not an inevitability
- ▶ Requires intentional construction of success
- ▶ Must start sooner than most believe



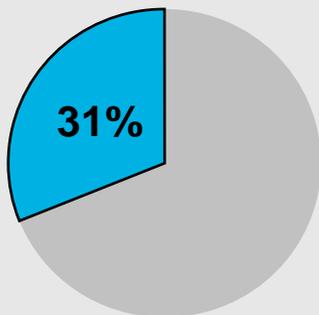
# How we learned

- ▶ Ten-year longitudinal study of executive performance
- ▶ 2600 qualitative interviews with F1000 executives
- ▶ 1800 were focused on ~100 executives' individual performance
- ▶ Identified and contrasted the “Best of the Best” from the “Worst of the Best”
- ▶ Isolated patterns and the critical few traits that consistently lead to success
- ▶ Additional survey of 100 leaders who transitioned into executive roles within the previous 36 months

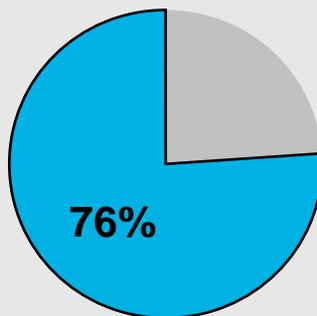
# (Some of) what we learned



of respondents said they were minimally prepared for the new role



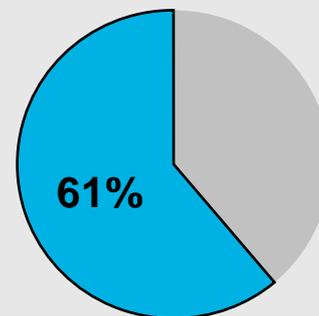
said they were only slightly to moderately prepared for what their executive role required



of respondents said that the formal development processes were not, or were only minimally helpful in preparing them for their executive role

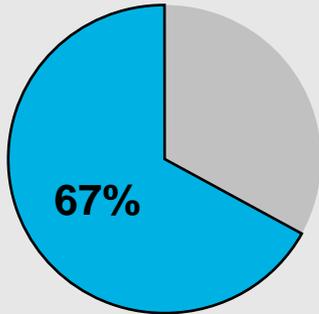
**45%** had minimal understanding of the challenges they would face in an executive role

**55%** had minimal, if any, ongoing coaching and feedback to help them succeed

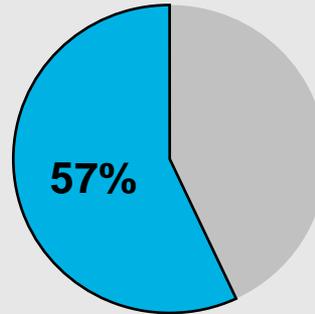


were unprepared for the roles they assumed

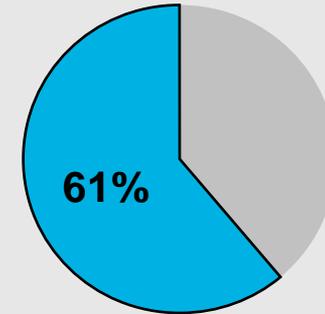
## (Some of) what we learned *(cont'd)*



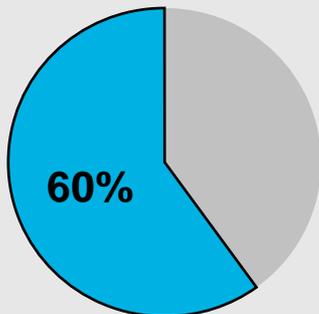
struggle to let go of the work of their previous roles, yet lamented the time spent dealing with the performance shortfalls of others



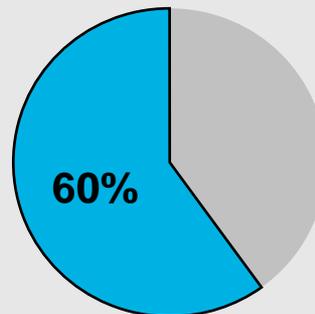
moderately to strongly agreed that decisions were more complicated and involved than they expected



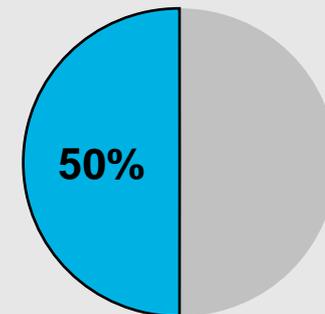
moderately to strongly agreed that people want more of their time than they have available



struggle with the realization that others ascribe more power to them than they actually believe they have



moderately to strongly agreed that their experience of being an executive has tested their abilities more than they expected



strongly to moderately agree that politics at the executive level undermines their ability to trust their peers

# Executives who lead whole organizations do four things well

