

Leadership Means High Ethical Standards

by Joe Scarlett, Founder of the Scarlett Leadership

Pressures to excel in business come from everywhere and from time to time, some of our business leaders find it expedient to take shortcuts that are unethical – and potentially even illegal. Moving down this path inevitably leads to disaster. They all get caught sooner or later – usually sooner.

Business leaders are frequently critical of the media for focusing on negative news that so often makes us look so bad in the eyes of the public. We should come to the reality that without the media putting the bad news in our face so frequently, we sure would not be as focused today on raising the bar on business ethics. Negative publicity has a way of inspiring us to strive for improvements that will keep us off the front pages. Hence, I have a feeling there is a growing movement among business leaders to achieve higher levels of integrity.

Good leaders embrace the highest level of ethical behavior.

First rate leaders do not bend in the face of temptation to take shortcuts. In my 40-plus years in business – including more than a decade as the CEO of a public company – it has never been clearer that ethical leadership is the only path to long-term success.

Pressures to excel in business come from many sources – from bosses, stockholders, competitors and even from competitive peers inside the organization.

It is easy to be pushed or push yourself into making a “panic decision.”

It is easy to blame someone for dropping the ball and then firing that person without really understanding the facts. My experience is that almost everyone strives to do the job well.

When something goes wrong, our ethical obligation is to understand the facts.

In most cases, a clear understanding of the facts coupled with good coaching by leadership provides the best results. Employees learn every day on the job and leaders are frequently too quick to let that knowledge go elsewhere.

Pressures to take shortcuts are often self-initiated in a quest to show results or by an ambition to get ahead. A little shortcut when bending this rule or exaggerating something else or making a small adjustment seems so minor the first time. But over a longer period, the little rule benders grow and before you know it, you are trapped by your own web. You always get caught – by the accountants, the auditors, and the security people or, most likely, you get turned in by your co-worker who has at least a slightly higher sense of integrity.

Some of our leaders can become overconfident to the point that they begin to believe that they “know it all.”

They begin to see in their own results a sense of infallibility and then make decisions on that basis. Over time, they become more and more isolated because they don't listen. Separated from reality, these leaders have it all come falling down when they are forced to face reality – a reality that usually results in a personal crisis.

Business leaders have an obligation to their constituents to operate in a way that is right and just for all.

If behavior is unethical, business relationships deteriorate and in the long term all will go bad. It is incumbent on our business leaders to act in an ethical way and continually talk about the importance of ethics in the business world.

We – i.e., our community and our nation – need a passionate drive to rebuild the ethical leadership skills of our managers and executives. We need a drive to raise the ethical bar for business leaders. The United States



sets the world standard for ethical business leadership. It is time for reawakening. Or, more likely, we are in the midst of that reawakening.

First-rate business leaders set the direction, set the moral compass and do everything possible to assure the success of the leadership team and the entire organization.

The really good business leaders act personally and professionally with the highest degree of integrity because they know that is the only path to long term success.

It is very simple. Violate the basic rules of business integrity and conduct and you lose! There is absolutely no room for a lack of ethics among any of our leaders.

Joe Scarlett is the retired chairman of Tractor Supply Company and the founder of the Scarlett Leadership Institute. He can be reached at joe@scarlettleadership.com.