

an excerpt from

True to Yourself
Leading a Values-Based Business
by Mark Albion

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The New Values

TRANSPARENCY, SUSTAINABILITY, AND RESPONSIBILITY

The birth moment for an organization is critical. Almost like conception, the genetics are set, and if you are not conscious of them, they can lead to an organization with a set of values and mission the founder doesn't want. You need to spend a lot of time on your initial mission and values, as they will attract the founding group of people and develop the organization's personality. Be mindful of the founding moment.

MARK A. FINSER, PRESIDENT OF RSF (RUDOLF STEINER FOUNDATION), A \$90 MILLION (2005) NONPROFIT FINANCIAL SERVICES ORGANIZATION

In this chapter, we'll learn the three strategic requirements for building a successful values-based small business. The sooner you focus on these organizational values, the easier your job will be. It all starts with your example.

It's My First Day on the Job: What Should Be My Strategic Focus?

During my years as a Harvard Business School professor, I learned about leadership and strategy from the most successful CEOs of the world's largest corporations. In the 1980s and 1990s, I listened closely to General Electric's Jack Welch, who I believe set the standard for how to lead a profitable global

corporation. His leadership mantra was simple: To dominate your markets, you must focus on what will increase your *reputation* and *productivity* or decrease your costs of *regulation*. Your success in managing these three factors will determine the success of your business.

Seasoned business leaders know what their key determinants of financial success are. Many monitor them daily. For a retailer, the key determinant may be shrinkage. If inventory lost from employee theft, shoplifting, vendor fraud, and administrative error is less than 2 percent of revenues, this indicates that the company is running efficiently. For one executive director of a school for challenging teenagers, his barometer is the students' "positive feelings" created at school. He monitors them each night in his office on wall charts of data collected daily.

Whatever these determinants are for your company, CEO Welch maintains that you need to focus on the ones that have the greatest impact on your reputation, productivity, or regulation. Your job as company leader is to ensure that everyone understands that and is working in that one direction.

In small, values-based companies, these three organizational factors are no less important than in more traditional large corporations—at one level. But values-based leaders have broader company goals than CEO Welch and, therefore, a somewhat different set of organizational values as requirements for success.

Many are committed to environmental responsibility. It's not enough to make a simple calculation on what environmental regulations make financial sense to meet. For example, Aveda's founder, Horst Rachelbacher, once told me that when faced with potentially conflicting corporate goals, he expected his people to "report to the Earth." Profitability was important for the personal care products company, but most important was to "care for the world we live in . . . and set an example of

environmental leadership and responsibility” (part of the company’s mission statement). If there were a conflict between the profitability of a decision and environmental damage, Horst and the culture were clear about what to do.

These values suggest that reputation is built on openness and honesty, what I call “transparency.” “Sustainability” denotes longer-term thinking than productivity. “Responsibility” to people and the planet means that you do the right thing proactively instead of reacting to regulation. In this chapter, I illustrate these organizational values with examples of how they impact your job as a values-based leader.

Leading Transparency: How Much Openness Do You Want?

How much openness and honesty do you want to engage in every day? It’s a lot easier to measure your CO₂ [carbon dioxide] emissions than the level of honesty and transparency in your company. What it’s about is that when you are committed to a certain set of values, like transparency, you will communicate that in all you do, no matter what. Around here, if we mess up, someone immediately tells the person who writes our external corporate responsibility report to make sure that is included.

JEFFREY HOLLENDER, FOUNDER AND CEO OF SEVENTH GENERATION, THE LEADING U.S. BRAND OF NONTOXIC AND ENVIRONMENTALLY SAFE HOUSEHOLD PRODUCTS

I often think of building a reputation as a marketing effort, an act of persuasion. Transparency builds your reputation as a leader and your business’s reputation as a values-based company, too, but in a way that is stronger yet more delicate. Transparency is about being honest, open, and imperfect. Transparency means no secrets (within reason; e.g., trade secrets must be kept)—not only within the company but also in the marketplace. Its cousins are integrity, authenticity, and credibility. Its power comes from its source: *truth*.

The Power of Doubt and Not Knowing

Transparency requires that you change how you spend your time and how you lead. Listen to Danny Grossman, CEO of Wild Planet Toys, a manufacturer of innovative nonviolent products that appeal to both parents and children and treat girls and boys with equal respect. A former diplomat, Danny speaks thoughtfully and in measured tones: “How do you lead with doubt? How do you express that doubt? It’s a critical nuance of leadership. If you don’t express it, it will erode your credibility. So I’m clear about what I know and don’t know. If we launch a product that I think might fail, I say so and say why, but I also always offer a Plan B, too, in case my doubts prove correct.”

Leading with doubt and opening yourself up to other people’s opinions and your own imperfections means you should be comfortable with not knowing the answer for everything—and spend time to develop Plan B, too! Women in leadership positions can face even greater challenges.

Nina Simons is the co-executive director of Bioneers/CHI (Collective Heritage Institute), a national nonprofit organization that promotes practical environmental solutions and social strategies for restoring the earth and communities. Though her résumé swells with experience, she has had to overcome insecurities by making peace with *not knowing*: “I’ve found that *the practice of not knowing has a powerful effect on people*. I had no formal business training, but I did have a strong innate set of skills and talents. I knew that the only way to work toward a leadership position was in an honest way, to recognize repeatedly what I didn’t know.”

Not knowing allows people to contribute and grow with you. But Nina knows it’s important to let others know you don’t

know in a way that doesn't undermine your authority or sense of self-esteem: "We've all grown up in a culture that tends to value masculine versus feminine traits. There's often an acculturated insecurity among women, a fear of not being up to the task. It's taken me fifteen years to learn to value myself and gracefully accept my not knowing. You need to give yourself permission to fail and communicate that to others. My mantra is 'It's okay to not know.'"

Leadership requires that you continually reinvent yourself. At times you will fail. If you don't, you limit your self-expression and possibilities and create a stiff, conservative culture. Not knowing means that you look at power in a new way.

It's the power of transparency. If you set the tone that transparency is valued in your organization, doubt and not knowing can be celebrated as your leadership credibility rises. The same can be said for organizational transparency.

The Power of Open-Book Management

Popularized in the 1990s, open-book management calls for financial information to be shared and a process to be developed that enables people to use business information to improve their on-the-job success. It's not only a management tool but also a cultural tool that requires a shared vision and a group compensation system. Some values-based leaders take open-book management even a step further.

Joan Bavaria is the founding president and CEO of Trillium Asset Management, an employee-owned investment adviser. Slight of build but strong in her beliefs, Joan believes that it's essential to have truth in your organization, to have humility and not arrogance: "As a business leader, your job is not a popularity contest. It's to do the right thing and help people become the best they can be."

“Every employee can look at all our financials. All are invited to come in and ask questions after every board meeting. It’s so tempting to try to manage what’s happening and the dissemination of information. But you must let go of control to have honesty and transparency inside and outside the company. It’s the only way to treat your people like grown-ups so that you can develop trust and build leadership in the company. It’s the only way we treat anyone involved with Trillium.”

For a look at transparency, visit Trillium’s Web site and read a full report on the company. You can also read about the company’s governance, compensation, and ownership. That’s how Trillium builds its reputation.

Does Transparency Pay?

Like all values, transparency is a process always in need of improvement. Does transparency pay? Here’s an example of how the *lack* of transparency hurt one values-based leader:

In the 1980s and 1990s, many values-based small company founders took paternalistic attitudes toward their employees, not treating them as “grown-ups,” as Joan would say. They offered great pay and benefit plans. To do so, they took minimal salaries and accumulated little excess capital in the company for a rainy day.

That rainy day came in the late 1990s. For example, one founder who even had full paternity leave benefits for factory workers since the 1970s discovered that his employees were not prepared to accept that profits had been used to fund generous employee benefit programs. They thought that they were being lied to—that the founder had hidden the money somewhere. They couldn’t believe how little the founder had taken the past decades for salary. When it was time to agree on some benefit and pay reductions to minimize layoffs, the founder stood alone. He’d never let go of control nor shared company

financial information with his employees. He suffered the consequences.

Transparency shifts the burden of leadership. It creates its own culture and requires you to help build the business skills of your employees. It makes information available to others, even to competitors.

Full transparency is not for everyone. It can be personally difficult if you want to keep salaries confidential. (Use salary ranges instead.) It can be professionally harmful if employees leave and take confidential information to a competitor. Hopefully, if you build your organization on the values of trust, honesty, and openness, this won't happen.

Leading Sustainability: Can You Slow Down Your Business?

I was working in a very healthy ecosystem. Dad made sure every person in his [box] company felt they were a part of a vibrant, collaborative system, not separate from it. He also deeply valued family, vacation, and rest. To stay creative, he knew he needed to rest, and he encouraged others to do the same. His actions set the pace for our ecosystem. His pace told others to slow down, to know when to be the turtle and when to be the hare.

LORI HANAU, PRESIDENT OF GLOBAL ROUNDTABLE LEADERSHIP, SUMMARIZING HER NINE YEARS WORKING AT HER FATHER'S COMPANY

Productivity is often based on working faster, growing more quickly, and reengineering operating systems for short-term efficiencies that may lead to layoffs. Business schools teach young leaders to put together a business plan, get some talent and money, launch the business, establish it, and “flip” it in five to seven years. Lead for the quick money, not a sustainable presence in the marketplace.

Leading a sustainable organization means knowing when to slow down and to take the time to, as Lori Hanau says, “clean up and nourish your own soil. That allows you to access your

wisdom and creativity and to replenish what you take out for yourself, for others, and for the planet.”

The Power of Patience

Lori and I frequently discuss our society’s cultural obsession with size and speed. You know that if you try to do too much, if you get out of balance in your life, eventually you’ll collapse. It’s the same with building a company. You get caught up in the hype that bigger and faster is better. It takes you away from building a company that reflects your values and lasts.

I spent the spring of 2005 meeting with retired values-based CEOs of large companies. I asked them what was their primary company goal in their last years as CEO. The similarity of responses surprised me. To paraphrase, “I wanted us to build something special. My first priority was to get everyone to slow down and reflect on what’s really important to do to reach our objectives. It’s easy to forget in the hectic daily pressures.”

Some CEOs instituted daily transcendental meditation. Others used off-site retreats. Several had regular get-togethers to relax and talk about the bigger picture—meetings they attended personally. Many instituted policies that forced people to take time off when it came due. The results were reinvigorated managers, new ideas, and more time spent on what was critical to accomplishing the larger goals. For example, attention to customer needs increased as less time was spent answering intra-company e-mails.

Values-based leaders are stewards, not predators. Make no mistake. Every successful values-based leader I’ve met has developed a best-in-class company. But it took time. As the president of the investment banking firm Condor Ventures, Adnan Durrani, who’s also the founder of Vermont Pure Water Company and an early investor in organic yogurt manufacturer Stonyfield Farm, counsels, “It takes at least ten to fifteen years

to build a good business. You need to set a tone that will provide the right foundation. Like Eileen [Fisher] did by slowly building a joyful, egalitarian culture at her clothing company. Or like Gary [Hirshberg] did, taking ten years to build Stonyfield properly—not only to be a sustainable enterprise promoting sustainable agriculture but also one that is cautious about its own use of natural resources and careful about adding external pressures from taking in too much money too soon.”

Adnan learned patience the hard way. He had been a go-go guy on Wall Street in the 1980s. He made a lot of money, but “what I was building was not sustainable. I was looking for shortcuts, pushing everyone and myself. I lost myself spiritually. Then, I lost all my money. It was the best thing that ever happened to me. It got me back on track.”

The power of *patience* is ultimately the power of *passion*. If you have true passion for building your business, you can wait. You enjoy the journey. At times, that may require you to put a brake on growth.

The Power of Matching Market Growth to Company Capabilities

Most founders, or at least one of the cofounders, start off as the best salesperson in their company. But as they continue to “do their job,” if they are not careful, sales growth can outstrip their people’s capacity. This is not easy for them to accept, particularly when they have raised capital and fought hard to increase sales for most of their business years.

A protector of Southern culture, Scott Blackwell is the CEO of Immaculate Baking Company, maker of “cookies with a cause.” On May 17, 2003, after nine months of planning, the company made the world’s largest cookie. Why? It was a way to slow down what had been rapid company growth and connect with the local community to raise funds for Scott’s passion, American folk art. As Scott observes, “We had thirteen people

and around \$1.5 million in cookie sales. Sales had begun to skyrocket, but we weren't clearly fulfilling our mission of 'giving back.' I felt like we were straddling a hurdle. I needed to slow down our growth to get our individual capabilities and our infrastructure to fit better. I was causing a lot of stress, so we just stopped taking orders for a while."

Instead, the company strengthened its culture by making a 102-foot-diameter, 38,000-pound cookie—during which time it ran training programs to help employees develop the skills they needed for the next stage of growth. That's how a leader can ensure organizational sustainability.

Few have created a company modeled on sustainability as well as Will Raap. A staunch environmentalist, this Scotsman founded Vermont-based Gardener's Supply in 1983 to sell organic food gardening products. Company sales reached \$60 million in 2005, with 250 employees. "We grew the company much slower than our competitors, all of whom are gone now. We knew we had to build not just the business but the capacity to fulfill the business," professes Will.

This concern for organizational capacity first became evident in 1986. Gardener's Supply had grown to thirty people, and Will became concerned that they were losing their sense of community—the essence of a company founded to heal people and the planet through organic gardening. So they adopted a tangible mission internally that would nourish their culture with values consistent with their products and customers. What they adopted is known today as Intervale, "the land between."

Will moved the company's office to 700 acres located a mile from downtown Burlington. It is a historical area of Native American lore, and the eighteenth-century revolutionary Ethan Allen had his farm there. In 1986, however, it was a toxic dump, covered with garbage two to three feet deep. Gardener's Supply developed a nonprofit enterprise to restore it, a cause "bigger

than our business, bigger than ourselves, but aligned with our mission,” notes Will with pride.

Twenty years later, Intervale is the largest organic community-farming project in America. In 2004, the Intervale Foundation and associated farms produced 20,000 tons of compost and 500,000 pounds of food to serve the local economy. Among the community gardens, bike paths, and nature trails, Gardener’s Supply has projects that include marketing its own line of compost products, introducing gardening to at-risk youth, and running a broad-based incubator and training program supporting small organic farmers.

Today, Gardener’s Supply is flourishing as it attracts the area’s top employees and is the largest purveyor of composting equipment, organic vegetable and flower products, and landscaping and water-saving supplies in the country. Over 25,000 people visit Intervale annually, learning about sustainability and how to implement it in a home environment. The city of Burlington is now a leader in building sustainable communities, in no small part because of Will’s vision and creativity, all focused on sustainability—for his people, his company, his community, and his planet.

Does Sustainability Pay?

How do you know if you’re building a sustainable business? Why not ask yourself how you know if you have a sustainable lifestyle? Each question elicits a similar response: you usually know it when you don’t have it. Like Adnan Durrani, Katie Paine discovered that if you find out the hard way, the price can be substantial.

Sharp and seasoned, Katie Paine has started several small companies that measure the effectiveness of communication efforts. A 2004 bout with cancer helped teach her about balance in life and business. Her current company, KDPaine & Partners,

is built to be sustainable, with personal and professional benefits. Katie did it by avoiding the obsession with size and speed that most leaders have. She offers: “You often need to shrink your company and select clients. It’s better for you and for your people. If you keep adding on too many people and too much overhead, you will have to get volume. *Volume for the sake of overhead is lousy.* It will destroy your culture.

“Instead, build a business and a job for yourself that you want to do. Don’t accept traditional ways of doing business. Do what you love and make life fun for you and your staff. What makes it fun is having the right number of people on a mission together.”

Does it pay? Flying all over the world, exhausting herself to get more sales, CEO Katie had revenue per employee of \$80,000 in 1999 with her last company. In her new, relaxed leadership model, revenue per employee has reached \$180,000 in a little more than two years!

What’s the right size for your company? With all the pressures of running a small business, it’s hard to take your foot off the accelerator. Ask first what the right size is for your leadership style and personal needs—the size that allows you inner and outer balance.

It’s easy to forget why you started your business in the first place. But as you sign those paychecks each week, you realize that the continued existence of your business is a responsibility you have not just to yourself and your employees but to others as well.

Leading Responsibility: Is Altruism in Your Best Interest?

Dying would be so much easier than losing my business. It’s not because of the money. It’s not because of the bruising my ego would take. It’s not because my five kids would be completely

embarrassed and I'd have to start over and find a new job. It's because if the business goes, I'd be letting down my employees, my customers, my investors, and all the community organizations we support.

**LAURY HAMMEL, OWNER-PRESIDENT OF FIVE LONGFELLOW HEALTH CLUBS,
SERVING 12,000 MEMBERS AND DOZENS OF COMMUNITY GROUPS IN 2005**

I like to ask business leaders whether their concerns for the broader community beyond their business constituencies is a professional calculation or a proactive personal commitment. For Laury, it's how he breathes. He couldn't do it any other way. That's the difference between leading to avoid regulation and leading to be more responsible.

When I nurture young values-based business leaders, I start by having them answer three questions. Their answers start a personal planning process:

1. What do you see as the biggest social challenge in the world today?
2. What needs to be done to meet that challenge?
3. What roles can you and your company play in meeting that challenge?

The Power of Social Responsibility

Eight months after the private sale of Kinko's, I saw its founder and former CEO, Paul Orfalea, in Santa Barbara, California. He looked great. The lines on his fifty-five-year-old face were gone, making him look years younger than he did the last time we met. I asked him what happened. He replied, "For twenty-five years, I felt like I had to carry on my back all the family members and friends who invested in me and all our coworkers who invested in our branches [stores]. If I messed up, they'd lose all their money. Now if I mess up, only I lose. What a relief!"

Social responsibility comes in many shapes and sizes, but simply stated, it's about considering interests beyond your own. Paul's sense of responsibility was great, though it was not "outside" his company. The first week we met, he even apologized to me at dinner. He knew what I did and felt bad that he did not do more for those outside Kinko's: "To tell you the truth, Mark, I've been so focused on making sure our coworkers can afford braces and college for their children, I just haven't spent much time thinking beyond them." I told him that what he did for 23,000 coworkers was plenty!

As a values-based leader, your job is to *find your place*. You should choose where you want to make a difference, depending on what values you'd like your business to reflect. In my work, I've tried to help those I could and not hurt others. Each of my businesses has offered different challenges and opportunities. Each has been a vehicle to help society in some ways but not in others. When you run your business properly, you can't separate a commitment to social responsibility from your business. It's the only way you can operate.

When Linda Mason and her husband, Roger Brown, founded Bright Horizons Family Solutions, the largest provider of worksite child care and early education in the world, they did not set their quality standards to meet industry regulations. They *exceeded* them. According to Linda, "We wanted to build a company around great early childhood experience and give our employees the respect and the financial compensation they deserved. To us, profits were our oxygen, and our standards would be the highest possible at that time."

In 1986, the industry was low cost, low quality—just enough to meet regulations. Based on their values, Linda and Roger took a different approach of quality beyond regulations and, therefore, had higher expenses. It would take nearly seven years for the corporate market to see the value of this service.

But from the start, they were clear about what values-based leadership meant to them: “Before we raised capital, we held a retreat to set our mission statement and our organizational values. We told our venture [capital] partners that, while we wanted to provide a good return and exit strategy, our primary responsibility was to our children, their families, and our employees, who needed to be very well trained. The investors bought into our ‘social responsibility,’ although we didn’t have terms like that then.”

After a shaky start, Bright Horizons Family Solutions went public in 1997 and had over 600 centers with a capitalization exceeding \$1 billion and a price-earnings ratio over 35 in 2005. Over the years, Linda has continued to travel to less-developed regions, such as Dufur in the Sudan in 2005, involving the company in relief efforts. It’s all part of a socially responsible strategy set down at the organization’s birth.

The Power of Industry Responsibility

Many values-based leaders take positions in industry associations to advocate important social issues, such as human rights in sourcing from China for the toy industry (Danny Grossman, CEO of Wild Planet Toys) or improving workplace conditions abroad in the clothing business (Eileen Fisher, CEO of Eileen Fisher Company). Though laudable, it’s a luxury most can ill afford until their businesses are beyond the survival stage.

Another aspect of industry responsibility can be central to your business and leadership style from the start: your relationship with the other business entities you deal with in your industry. Though these business partners are often considered necessary evils (e.g., brokers, jobbers, distributors) or simply firms to contract from and negotiate with (e.g., manufacturers, suppliers, retailers), values-based leaders find ways to support them.

Soft-spoken and demure, Carol Atwood has a demeanor that can misguide first impressions of this creative, incisive business

leader. Her collaborative style has led to much success in the two organizations she's run. For most of the 1980s and 1990s, Carol was president and CEO of TMG (The Merchandising Group, founded in 1947), which provides field marketing services to Fortune 500 companies to help them sell their products and enhance customer loyalty.

Carol agrees that a business leader should have a customer focus, but "in day-to-day practice, you must be focused on the needs of all internal [industry] stakeholders." She provided a rewarding environment for her primarily part-time staff of 5,000, but she also wanted to manage the impact TMG could have on, for example, its Minneapolis-based fulfillment center, as the center's third-largest customer.

"It's not just that if I decided to go elsewhere they would have to lay people off. It's recognizing that if customers beat up on us for speedy fulfillment, it puts pressure on the fulfillment center, which in turn puts the most stress on workers making the clothes in underdeveloped Asian countries. That changes my focus as a leader."

Carol concentrated on how she could reduce the stress of the short time frames so prevalent in the clothing business. For example, if Calvin Klein were coming out with a new jean, it would affect not only production (the suppliers) but also the promotional material that the fulfillment center produces for TMG. How could she help?

"What I did was use our core competence, excellence in market research, to get specific retail reactions early in the fashion cycle and give them to our production and distribution partners so that they could make adjustments earlier in the cycle. A key part of being a values-based leader is *providing a community where every individual counts*, and the boundaries of that community include all your internal stakeholders."

TMG's industry reputation led to numerous national awards for Carol and the company as well as superior results, in large part because of these strong relationships. In 2000, she took the same approach upon founding Spartacus Media, a social mission media company that connects media makers with investors and other supporters.

As you build a business that reflects your values, therefore, think of how you can help make it easier for others to do business with you. I'm not talking about just customers but, as in Carol's case, industry partners, who in turn may find new ways to help you.

Does Responsibility Pay?

Does being a responsible business leader make a difference? Surveys indicate that it helps you attract and retain the best employees. For example, in my survey of 2,300 MBA students at the top 50 business schools, I found that three-quarters of the students were willing to take 10–20 percent less money to work for a “responsible” company (defined as “a company with values that match yours”).

According to a Natural Marketing Institute 2005 report entitled *Corporate Social Responsibility: Consumer Understanding and Influence*, based on four years of annual data from the institute's consumer trends database, 90 percent of the U.S. population says that it's important for companies to be mindful of their impact on the environment and society. Over 70 percent indicate that knowing a company is mindful of its impact on the environment and society makes them more likely to buy its products or services, and nearly 50 percent state it makes them more likely to buy the company's stock. Other surveys show how brand choice is affected even more so by a lack of responsibility.

Let's bring responsibility a little closer to home. The first thought I have as a small business leader is my responsibility to the people giving me their life energy, my employees. I try to hire the right ones, but when things don't work out, it's also my job to let them go. But since firing someone is hugely disruptive to a sense of community, I often have trouble letting people go, or I let them go too late, hurting everyone further.

To begin this section I asked, "Is altruism in your best interest?" If you need to ask someone to leave your company, what higher form of altruism is there than doing it nicely for someone you'll never see again? How you fire that person is an opportunity to signal to everyone the importance placed on valuing and respecting others.

When the CEO of socially conscious Meadowbrook Lane Capital, Joe Sabilia, sold his fountain fruit beverage formulas and technology to the Pepsi Cola Company, he knew that three older managers wouldn't be able to find jobs. So he took \$500,000 of his selling price and gave it to them to start a mail-order coffee company with his help and contacts.

Joe's explanation is that "these guys were running the operation, and we figured Pepsi would bring in their own managers. So we gave them a budget to get going on their own." Joe respected the years of great work they'd given him and though he won't admit it, he's the kind of person who feels responsible for people's families, too. By acting like this in all that he does, Joe has bought and sold nineteen companies with lots of support from the most scrupulous investors, former employees, and community groups—all rooting for someone like Joe to succeed.

Alternatively, if you're too slow to fire, that's a problem, too. The national leader in authentic period lighting and restoration hardware, Rejuvenation, was known in Portland, Oregon, for "employees come first but no one else comes in second."

In 1992, founder and CEO Jim Kelly knew the company had a problem. Lots of people wanted to work there, but rumor had it that once you were hired, you were never fired. With about 100 employees at the time, Jim says, “we were becoming fat and stupid. We had to do something about it.”

So the company started a cultural correction program for all employees called “Finding the Asshole Within.” Rejuvenation went public with it and handled it like a public relations campaign within the company. Designed to ensure that soft hearts didn’t get in the way of hard decisions, it was done seriously but made fun. It worked. Fired respectfully, a number of former employees have told others, “That was the best place I ever worked.”

Summary: The Three Leadership Values

This chapter introduced the three fundamental organizational values that should guide your leadership strategy: transparency, sustainability, and responsibility. While related to the traditional strategic levers of company success—reputation, productivity, and regulation—they differ because of values-based leaders’ broader social concerns beyond a single financial bottom line.

Transparency in leadership requires you to set the example for being open and honest. You’ll increase your credibility by being open about what you don’t know and also by spending time on alternative plans when you have doubts about an initiative. Company transparency can help employees manage better and take on leadership responsibilities sooner. It also can build business credibility in the marketplace. You should be careful, however, to specify what kinds and amounts of transparency you feel are best for you and the business.

Sustainability in leadership means knowing how to pace yourself and your company’s growth. At times, it can require

you to shrink your company's size to match internal capabilities and to allow you to "select" the best customers. Values-based leaders are patient with company growth and avoid creating a cost structure that demands too much growth, often at the expense of company culture and respect for the environment.

Responsibility in leadership begins with a clear understanding of the social value you intend to provide. That value can take many forms, depending on what values you want your business to reflect. Priorities in responsibility to employees, customers, investors, partner organizations, and the community at large should be agreed on and reflected in the company culture. Specifically, how you handle firing people is a powerful symbol of the value of responsibility in your company.

In the next chapter, I present three personal characteristics of successful values-based leaders: competence, compassion, and commitment. Transmitted throughout your organization, these attributes ensure the most successful implementation of transparency, sustainability, and responsibility.

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