Chapter 1 Thesis

1.0 The Implications of Current Trends

As the mergers and consolidations of the 90's mature, several trends are emerging. First, evidence shows that the current hard-edged approach to management has eroded trust between enterprise management and the work force, and after the apparent initial productivity increase due to layoffs and consolidation, a major loss in productivity has occurred. Why? Because distrust is a debilitating and contagious disease.

Second, this loss of productivity, and the accompanying loss of the recipe for success, has created distrust by customers as projected benefits of the merger fail to materialize and commitments fail to be met. In many cases, the impact of mergers has not only been below expectations, but negative. This is particularly evident in the aerospace, banking, energy, transportation, and public utilities sectors.

I believe a different approach is imperative. All managers at all levels of any enterprise have a fundamental responsibility to serve the interests of *all* the stakeholders of that enterprise with the highest integrity. This means living up to societal as well as financial measures of integrity. While easy to say, this is not an easy charge. For as we will see later, the higher the level of management, the more pressures there are to serve a limited segment of the stakeholders.

1.1 The Fragility of Trust

A business enterprise is a society within society. In any significantly sized enterprise, as in society, there are all kinds of people with different stakes, and with the a diverse range of philosophies that govern their interactions with others. There are collaborative participants and those who lean toward advancing themselves at the expense of others, those with the courage of their convictions and those with none, those who value honesty and those who don't. The environment fostered within this microcosm of society determines in large part what that enterprise becomes.

No matter what it writes or says, ***management demonstrates its true intent by what behavior is rewarded and tolerated.*** If collaboration and teamwork yielding good performance are rewarded and encouraged, they will grow. If self-serving advancement at the expense of others is not discouraged, it will prevail. If form is rewarded over substance, it will prevail. Far too often, driven by the need to seem effective, managers of enterprises big and small opt for form over substance. Disintegration of trust quickly follows.

When future outcome has at least the same present value as current perception, integrity will flourish. The converse is also true.

Think about those words and what they mean. It is what this book is about.

The American Heritage Dictionary defines **Integrity** as- the state of being unimpaired; soundness; honesty; completeness

Integral-- necessary to the whole; complete;

integrate -- to make into a whole by bringing together all parts; to unify; to unite; to make complete

Integral! integrate! Integrity! What perfect words to describe the duty of management!

Integrity is largely about mutual respect. Most people like to work in an environment where they know what is expected and what to expect of their leaders and coworkers. They will take more initiative, and it has been demonstrated again and again that they will outperform other groups by far. What is it that makes this happen? It is mutual respect, pride....and trust.

Restoring Trust is about "Integral Management". That is bringing all the elements of managing together and performing them with uncompromising integrity.

1.2 The Challenge of Integral Management

Trust can only occur when integrity exists in all parts of your endeavor. There is no way that integrity applies or exists only in most actions or at certain times. The smallest lapse undermines trust. Failure to imbed integrity in some part of your business or your procedures can discourage people in other parts from believing you mean it. It is as if you were trying to weave a tapestry with one or more thread colors missing. Not only is the pattern incomplete, the fabric is weakened as well. We will see some examples of this pitfall later in this book.

1.3 Recognizing the Stakeholders

Management is about the relationships among people-- more specifically the stakeholders of the enterprise-- *all* of them. Typically, these include financial investors, executive management, customers, middle managers, long-term employees, short-term employees and suppliers. In the case of a government enterprise, the investors are the taxpayers and their representatives.

There are both long- and short-term stakeholders in this group. The concept of integral management recognizes that *all* the stakeholders are important to a successful, enduring enterprise, and strives to balance the interests of each to achieve consistent and lasting success as measured by all the stakeholders. ***Restoring Trust*** describes a style and set of relationships that recognizes all of these realities, while nurturing behavior proven to yield success at all levels of an enterprise, through good times and bad.

1.4 Adversity - The True Test of Management Integrity

Almost anyone armed with the bare essentials can manage an enterprise when times are good and the waters are smooth.

In writing this book, I became intrigued with the similarities between a convoy of ships and a business enterprise. In calm waters, with no enemy threat, the flagship's job is straightforward: set a course to the destination and tell the other ships how to position themselves and the planned rate of advance. Operations are routine and repetitive, and little guidance or integration is needed.

It is when the waters get rough and roiled that managers get tested. When stormy conditions blow the ships off course, the best course of action is uncertain. The entire convoy's future hangs on decisions made under stress. It is then that integrity and trust get tested as well. What counts at that time is the master mariner whose instincts, based on experience, can be trusted. If instead, feather merchants rule the quarterdeck, the fate of the Spanish Armada lurks near.

So it is with enterprise management. The principles presented in this book provide an ***environment*** where the entire management team can function and make needed decisions at their level with confidence about how the rest of the enterprise will respond.

Consistent high-integrity behavior in no way suggests unbridled trust or naivete about dishonest or "unenlightened" behavior by others. Quite the contrary: people of integrity believe in defining the terms of a transaction fully to communicate expectations and avoid surprises. Business-like relationships cannot depend or survive on trust alone. Trust must be earned on a continuing basis. This issue is discussed at some length in later chapters of this book, along with related topics such as effective contracts and ethics.

1.5 Integrity in All Relationships

To set the stage, I would like to define eight key elements of integrity, shown in Figure 1-1, that underpin the relationships important to the success of a project, and to most other relationships as well. Introducing them here in the context of project management helps us begin "peeling the onion" of integral management and to add substance to an otherwise abstract concept.

An enterprise is only as good as its people, at all levels, and their motivation. Similarly, the most important ingredients in a project's success or failure are people, and how they interact to plan and execute the project. It follows, then, that leadership must assure a healthy environment where trust and mutual cooperation can be taken for granted -- in other words, an environment of mutual respect.

The fundamental precept in a high-integrity work environment is the golden rule. How would you like to be treated if you were in someone else's shoes? Doesn't it make sense to treat others that way? The phrase "the ends justify the means" while generally condemned, is too often followed. It has no place in a high-integrity operation. While results are the measure of performance, success achieved at the expense of integrity and trust

is likely to be short-lived.

WHAT'S IMPORTANT	KEY ISSUES
• PROJECT SUCCESS	• FIRST AND FOREMOST
• PERFORMANCE	• RESULTS AND MEANS COUNT • IT'S ABOUT PEOPLE
• INTEGRITY	• INITIATIVE • PLANNING • COMMITMENT • OWNERSHIP • COMMUNICATION • HONESTY • TEAMWORK • RECOGNITION

Figure 1-1 Elements of Project Integrity

The eight elements of integrity shown here are familiar terms, but I want to say a few words about what they mean to me in the context of all levels of enterprise management:

Initiative - This simply means not waiting to be told what to do. If you see something that needs doing, be willing to do it. Cover the underlaps.

Planning - There can be no integrity without a plan. It provides a solid basis on which to make commitments. If you don't have a plan, how do you know when you are falling short of requirements and need corrective action?

Commitment and ownership - Together, these mean taking personal responsibility, and the key to that is empowering the employees with the authority to get the job done. The other side of the coin is accountability for the results.

Honesty - If there is to be any confidence in the outcome of a plan, there must be trust among those working it. This means being honest about what can be achieved, and promptly making those who need to know aware of any problems that affect the outcome. If the project manager isn't honest with the team, the team is not likely to be honest with the project manager

Teamwork - True teamwork exists when people on a team ask each other "What is your objective, and how can I help you meet your objective while meeting my own?"

Communication - Expectations must be communicated clearly and mutually agreed to. The communication channels must remain open so that if there are problems in fulfilling a plan, they can be aired and dealt with.

The means of communicating in a large project or organization is crucial to its effectiveness and deserves a chapter of its own. Suffice it to say here that technological advances in communication media have both great benefits and serious shortcomings that can give the illusion of communication while failing miserably.

Recognition The last element of integrity in this context is the fair and appropriate recognition for valuable contributions by individuals and team efforts. Acknowledgement of outstanding work is an effective way of communicating what is valued and appreciated in the project or enterprise and is often as important as money.

In my experience, enterprises or projects where these eight elements are ingrained achieve high levels of performance. On the other hand, large cost overruns, missed schedules, and other troubles are the norm when they are missing. In later chapters, we will discuss these characteristics in more detail.

These tenets of integrity suggest the idea of contracts; contracts between individuals who depend on one another for commitments, and the meeting of those commitments; contracts between individuals and their supervisors on expectations and goals, as well as contracts between sellers and buyers. Indeed, contracts, whether formal or informal, are a key part of the fabric of integral management and will be a recurring theme in

this book

Having established some definitions of the framework for integral management, we will turn now, in Chapter 2, to some fundamental management issues relating to the roles and division of management responsibilities in the evolution of an enterprise.

Subsequent chapters will examine the division of management in more detail with its effects on organization, and the management disciplines of the organizations that make up and guide the enterprise within which projects and products are created.