

Cambridge University Press

0521866863 - *Leading with Values: Positivity, Virtue, and High Performance*

Edited by Edward D. Hess and Kim S. Cameron

Excerpt

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## *Introduction*

This is not a standard book introduction. Usually co-editors produce an integrated explanation of the contents and the key lessons contained in the book. We have chosen to take another approach. We have written separately to introduce the book – not because we don't get along, and not because we have difficulty writing with one another. We have enjoyed many exchanges and have offered one another much editorial assistance in producing these chapters. We have written separately to illustrate the two kinds of stories and principles that you will experience as you read the chapters. One focuses on the practical lessons of leadership – how to be a better leader and how great leaders lead with values. The other focuses on an explanation of why the outcomes occurred, what might explain the success being described, and what key concepts must be kept in mind. That is, the book tells engaging and interesting stories, but it also adds substantively to our understanding of leadership, organizational success, and how they are related through values. We begin with Ed.

### **From Ed**

This book is a symphony of wonderful stories about leaders and leadership. A particular brand of leadership – Values-Based Leadership – based upon certain universal, fundamental values, such as honesty, respect, trust, and the dignity and worth of every individual as a human being.

A values-based leader serves others in a positive way. A positive way includes the manner in which he or she leads; the way he or she treats his or her followers; and the ultimate morality of the objectives or results.

By studying the positive, that is leaders who have positive impacts, leaders who help others flourish, leaders who earn the trust placed in them, leaders who believe in stewardship, we follow the work being

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done in the areas of positive psychology, social psychology and positive organizational behavior.

We explore how values-based organizations are created and sustained by looking at highly successful, values-based, organizations: Synovus Financial Corporation; HomeBanc Mortgage Company; FedEx Freight; the Billing Department at Foote Hospital in Jackson, Michigan, and the United States Marine Corps.

Other issues examined in this book include devaluation of negative values; the role of mistakes and leader forgiveness; how values are translated or operationalized into action; how “sick” organizations can be revived and achieve spectacular results based on positive organizational design; and the role of values in crises. As the business world continues to recover from the recent scandals involving financial impropriety, fraud and unethical behavior, the fundamental message of this book is clear:

**Businesses can act ethically and treat all stakeholders with respect and dignity, without sacrificing profits or performance.**

Profits, values and ethics are not mutually exclusive. In fact, in order for an organization to sustain high performance, these characteristics may be a necessity.

This book is a blend of practice and academia. Academia has much to offer to the business world; but the opposite is also true.

The genesis of this book was a Conference sponsored by the Values-Based Leadership Institute of Goizueta Business School of Emory University in February 2005. Nine of the twelve authors presented at that conference. That conference brought together leading business executives and scholars such as:

Kim Cameron, University of Michigan; Joanne Ciulla, University of Richmond; Tom Donaldson, Wharton Business School; Tom Dunfee, Wharton Business School; Ed Freeman, University of Virginia, Darden; Charles Manz, University of Massachusetts; Laura Nash, Harvard Business School; Robert Quinn, University of Michigan; Gretchen Spreitzer, University of Michigan; Karl Weick, University of Michigan and Amy Wrzesniewski, New York University.

We were also fortunate to have four senior members of the United States Marine Corps University Leadership Faculty from Quantico, Virginia: Brigadier General Mel Spiese, Colonel John Toolan, Professor Paolo Tripodi, and Lt. Colonel Michael Parkyn.

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Keynote speakers were: Dr. Roy Vagelos, former CEO and Chairman of Merck, Inc.; Jimmy Blanchard, Chairman of Synovus Financial Corp.; Dr. William Foege, former Director of the Centers for Disease Control and Gates Foundation; and Former Ambassador Andrew Young.

My co-editor, Kim Cameron, and I asked our authors to tell us stories about organizations and to drill down into the issues of how values are operationalized and how leadership is executed. This book resulted from those stories.

### From Kim

Ed and I had three objectives in mind in producing this book – to inspire, to inform, and to affect behavior. The first objective is illustrated by a quotation by Nobel laureate Desmond Tutu (1999: 263): *“The world is hungry for goodness, it recognizes it when it sees it, and it has incredible responses to the good. There is something in all of us that hungers after the good and true, and when we glimpse it in people, we applaud them for it. We long to be just like them. Their inspiration reminds us of the tenderness for life that we all can feel.”*

You will read about leaders who were dedicated to the good – their core values and their highest principles. By reading about these leaders’ decisions and actions, we hope to inspire and motivate other leaders to follow suit, to be elevated in their thinking, and to aim to achieve similar results. We believe that we all hunger for that which elevates. In this book, examples of inspiring leadership are culled from a wide variety of organizations ranging from financial services and transportation industries, to open range firefighters, and the US Marine Corps. Regardless of their settings or circumstances, leaders are described who were successful because they held closely to and perpetuated tirelessly their core values. Their stories are moving and motivating for those who are inclined toward the good and true. We think you will be inspired as we have been by reading these chapters.

Our second objective is to inform. We want to expose you to a new set of leadership principles and practices that are based on virtues and positivity. Most research on leadership and management has emphasized problem solving, winning at the expense of others, and overcoming obstacles and challenges. Whereas we recount stories of similar situations in this book – for example, competition, mistakes, trauma,

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problem solving – the emphasis is always on the positive, the elevating, and the good.

This book builds on a recent and growing emphasis in social science research – based in positive psychology, positive organizational scholarship, and virtue ethics – which highlights positive phenomena. For example, recently published work has reported that extraordinary individual and organizational effects are produced by an emphasis on virtues, values, and positivity. These effects range from physiological health benefits (such as less illness), emotional benefits (such as resistance to depression), and psychological benefits (such as longer memories) at the individual level to organizational effects such as higher levels of profitability, productivity, quality, and satisfaction of both employees and customers. When leaders lead with values – that is, when they demonstrate virtues, values, and positivity – the effects are magnified because leaders serve as exemplars, vision creators, and sources of recognition and rewards. The chapters in this book highlight and illustrate some of these intriguing effects.

Our third objective was to affect behavior. This objective is addressed in two ways. One way is by offering practical advice and leadership prescriptions through the authors in the various chapters. You will most certainly uncover nuggets of advice and helpful hints that will be helpful in your own leadership roles. You may not run a company, fight a war in Afghanistan, or work in a hospital-billing department – each a setting described in a chapter – but the leadership principles that are described will nevertheless be applicable across many different situations.

A second way we hope to affect behavior is through the “amplifying effect” associated with virtuous and values-based behavior. Several researchers have described the dynamics of groups and organizations that experience virtuous actions and especially positive leadership. Under such conditions, people experience a compelling urge to build upon the contributions of others and to perpetuate the virtuousness that they see. When we experience an act of kindness, for example, we are inclined to reciprocate. Observing virtuousness tends to create a self-reinforcing upward spiral.

This amplifying effect can be explained by three different factors that occur when values-based leadership and virtuousness are displayed – positive emotions, social capital, and prosocial behavior.

First, positive emotions occur in people who experience virtuousness and values-based leadership. When organization members observe compassion, experience love, or witness spectacular performance, for

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example, they are inspired, their pride in the organization is increased, their enjoyment of the work is enhanced, and their satisfaction with the job is elevated. Several studies have demonstrated that this amplifying effect is disseminated throughout an organization emotionally by way of a contagion effect. That is, the entire organization is influenced positively when virtuousness and positive values are demonstrated, especially by individuals in leadership positions.

Second, the development of social capital results from this kind of leadership. Social capital refers to the development of positive relationships among employees. Building social capital reduces transaction costs, facilitates communication and cooperation, enhances employee commitment, fosters individual learning, strengthens relationships and involvement, and, ultimately, enhances organizational performance. Experiencing values-based leadership, with its emphasis on virtuousness, creates a sense of attachment and attraction towards virtuous actors. People experience an urge to join with and build upon the contributions of these exemplars. Organizations function better when members know, trust, and feel positively toward one another, and leading with values helps create the conditions for that to occur.

Third, prosocial behavior is the tendency to engage in helpful behavior toward others, or to want to make a contribution to others. Several authors have pointed out that almost all people have an intrinsic motivation toward helping others. Observing and experiencing virtuousness helps unlock the human predisposition toward behaving in ways that benefit others. Several studies support the idea that when people observe helpful or moral behavior, their inclination is to follow suit. Thus, helpfulness and an inclination toward helping others is fostered by values-based, virtuous leadership.

In this book you will read about many inspiring, virtuous, positively value-driven leaders. We hope that by presenting these examples, it will perpetuate this kind of leadership in others through an amplifying effect.

Now, let us jointly give you an overview of this work. In Chapter 1, “Synovus Financial Corporation: ‘Just take care of your people,’” by Professor Robert Drazin, Professor Ed Hess, and Farah Mihoubi, a story is told of how founding families’ values have been perpetuated for over 100 years by servant leaders. It is an in-depth look at the myriad ways an organization promotes certain values to its employees, and seeks their adoption of those values into their routine behaviors. It shows us that leadership is hard work and is a daily job; that

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an organization's values have to be promoted and reinforced by every human resources policy, and that every decision has to be tested against core values. The chapter illustrates how values are taught through stories and how good behaviors are memorialized in a culture.

Chapter 2 is "FedEx Freight – Putting People First," written by FedEx Freight executive, Gary W. Bouch. It recounts the story of one leader who thought his company was losing its values through growth and a merger and how his resulting actions reestablished a "People First" culture. It is a story of both personal courage and the step-by-step process of how a leader begins to build a culture based on values, including getting buy-in from top executives and hundreds of senior executives. FedEx Freight has been engaged in this change process for two years, and it is an insightful story for leaders trying to create a people-centric culture.

Chapter 3, "The Role of Values in High Risk Organizations," by Professor Karl Weick, is an analysis of high reliability, high-risk organizations such as air traffic controllers, nuclear power plants, and forest firefighters. Karl points out that in addition to promoting and teaching positive values, leaders must also spend time devaluing detrimental values such as hubris, arrogance, rigid mindsets, hierarchy, etc. Devaluing the negative is as important as promoting positive values.

The next chapter focuses on the role of spirituality in a high performance organization. Chapter 4, "Spirituality and Leadership in the Marine Corps," by Major Dan Yaroslaski and Professor Paolo Tripodi, discusses the role of spirituality in the United States Marine Corps culture. The authors explain that the success of the Marine Corps – historically as well as in the current world war on terrorism – is intimately tied to leadership values, core beliefs, and a commitment to spirituality.

Chapter 5, by Professor Ed Hess, also addresses the role of spirituality. "HomeBanc Mortgage Corp.: Quest to Become America's Most Admired Company," is the story of a major public company built upon common religious values. It tells how a minister at the age of 51 became the Executive Vice President of Human Resources at this Company in order to lead a quest for HomeBanc to become the country's most admired public company. Employees' statements reveal much about the impact of the change that occurred toward creating a caring, giving culture. Most importantly, employees created a "family" at work, which provided meaningfulness, a source of loyalty (low turnover), and high performance.

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Chapter 6, “Leadership Lessons from Sarah: Values-based Leadership for Everyday Practice,” was written by Professor Monica Worline and Sarah Boik, the leader of a staff unit in a hospital. It tells the impressive story of Ms. Boik who transformed a group of mostly single working mothers from a poorly performing billing department into a high performance organization by building a caring, people-oriented culture. This is an example of leading through values by a leader who never received formal leadership training. Rather, Sarah uses common sense, good judgment, knowledge and understanding of people, and firm personal values to teach, inspire, and create a meaningful, positive, high performance environment.

Professor Kim Cameron’s Chapter 7, “Leadership Values that Enable Extraordinary Success,” tells the story of an extraordinary organizational success, well beyond the level of performance achieved by any other similar organization in history. It describes the values that allowed leaders to overcome institutional and community hostility, employee apathy and negativity, and a contradictory culture to create a high performance environment. Leadership based on certain key values produced the closure and clean up of the largest nuclear waste dumpsite on the planet in one-sixth the projected time and at one-sixth the budgeted cost.

Many examples exist of leaders who espouse values but who do not translate those values into appropriate corporate behavior. In Chapter 8, “Principled Leadership: A Framework for Action,” Professor MaryAnn Glynn and Heath Jamerson focus on the Enron debacle. They provide a perspective on why Enron – and other similar firms – have found themselves in such trouble, and they explain a set of principles to help leaders translate their values into actions. In a very clear and straightforward summary, the authors teach us that good intent is not enough but that intent must be translated into actions that produce intended results.

No matter how good the intentions, of course, and no matter how hard leaders try to stay committed to values and to good behavior, they always fall short. Mistakes are always made. In Chapter 9, “Forgiveness as an Attribute of Leadership,” Professor David Bright discusses forgiveness in organizations. He identifies three different kinds of responses to offenses and harm in organizations, and he reports their effects on employees and organizational performance. The chapter points out key principles for enhancing a culture of forgiveness in organizations.

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In Chapter 10, the theme of virtuousness and reactions to harmful events is continued. This chapter, “Values and Leadership in Organizational Crisis,” explains principles of organizational healing after major trauma. Professors Edward H. Powley and Scott N. Taylor discuss the role of leaders and their values in helping organizations recover from a break-in, shooting spree, and hostage crisis in a university setting. In their explanation of recovery and resilience, they concisely summarize the essence of values-based leadership.

The last chapter (Chapter 11) focuses on how values-centered leaders are developed. “Making More ‘Mike Stranks’-Teaching Values in the United States Marine Corps,” by Marine Lt. Col. Michael Parkyn, illuminates how the US Marine Corps develops leaders through a career-long progression of leadership development. The Marine Corps is well known for transforming men and women to become leaders that do not resemble their former selves. As Brig. Gen. Mel Spies said, “We have learned how to take average people and teach them to perform spectacularly well under the most trying circumstances.” Lt. Col. Parkyn’s chapter shows us the different ways of operationalizing values in an organization and perpetuating them.

In summary, these chapters make several important points:

- (1) Ethics, values, and high performance are not mutually exclusive.
- (2) Positive values and virtuous leadership may be a necessity for sustainable long-term high performance.
- (3) As important as the demonstration and perpetuation of positive values, is the devaluation of undesirable behavior.
- (4) Positive leadership values and principles must be demonstrated, and leadership actions must be in harmony with the verbiage.
- (5) The establishment of “family connectedness” – with its emphasis on virtuous principles and behaviors – is a strong prediction of loyalty and high performance.
- (6) Leading with values enables a highly engaged workforce, which, in turn, becomes very loyal and very productive.
- (7) Leading with values can produce success regardless of the organizational context, the industry or sector, or the nature of the workforce. Outstanding success depends more on the values being perpetuated than on the situation in which the leader is leading.

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# 1 *Synovus Financial Corporation: “Just take care of your people”*

ROBERT DRAZIN, EDWARD D. HESS,  
AND FARAH MIHOUBI

## Introduction

The Synovus Financial Services Corporation uses an extensive systems-wide approach to values-based leadership. By system-wide, we mean that values-based leadership permeates the entire company. Values are the basis for leadership, culture, selection, training and executive development. Values are used to shape the firm’s strategy, its relationship to customers and to community. Senior executives consistently talk about values and culture among themselves and with employees at all levels. Values-based leadership is tangible – it is part of evaluation and promotion systems. Values are transformed into practices. While core values stay the same, senior managers are consistently updating practices. Values are discussed as much as strategy.

Our purpose in this chapter is to chronicle how these values extend back in history, what the values are now and how Synovus implements practices to support or operationalize its values. Synovus is an example of the founding families’ values surviving four leadership successions, and a company flourishing financially because of its values-based people-centric culture. Some of the lessons to focus on while reading this chapter are: (1) you can achieve great financial results, create substantial shareholder value AND be an employee-centric company with values; (2) maintaining a values-based culture is hard work and can never be taken for granted; (3) senior leadership must live daily the values they want emulated and be role models for all levels of leadership; and (4) you have to back up the words by rewarding good values and recognizing cultural deviations.

## History

The Synovus story began in the late 1800s, where it was founded in Columbus, Georgia. In November 1888, Mr. George Gunby Jordan

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created the Third National Bank and the Columbus Savings Bank, Synovus' predecessor, by convincing seventeen wealthy patrons of Columbus to front \$100,000 in investment capital to create a civic-minded bank. By 1900, a vice-presidency for the banks was created, and William Clark Bradley stepped up to the position. Over time, both Jordan and Bradley would work closely and in harmony together, cementing a friendship and investment partnership between the two families that would continue for five generations. Together, they helped to fund the construction of dams on the Chattahoochee River in Columbus for its hydroelectric energy potential. This led to the Columbus Power Company, which was later amalgamated into Georgia Power.

A wave of banking instability came in the late twenties and early thirties, with the Great Depression. On the heels of the two banks having merged into Columbus Bank and Trust (CB&T), the country was in the middle of a financial panic after October 29, 1929. Many banks collapsed during this period; meanwhile CB&T stockholders boasted an increase in the bank's assets. A phenomenal number of bank closures took place in 1931 (2,294), with half that many failing in 1930. Remarkably, job losses did not occur at CB&T during this difficult period, even as they were commonplace in the industry during this time. It was at this inopportune time that the bank's first president, George Gunby Jordan, passed away. The bank's directors credited him as a man of "vision, integrity, and business sagacity."<sup>1</sup> He was seen as a man "of unusual energy and intellect . . . wherever he touched the affairs of men, he was a leader."<sup>2</sup>

In 1947, W. C. Bradley passed away. As he had been a revered member of his community, the Board of Directors claimed that "this Board suffered an irreparable loss in the death of their president and beloved friend, William Clark Bradley . . . wise planning, cool judgment, integrity and square dealing marked his every endeavor."<sup>3</sup> As *A Trust to Keep* recounts,

As one of the foremost industrialists of the South, even the country, William Clark Bradley gave generously to the artistic, religious, and educational institutions of the city. This gentleman, born in the midst of the Civil War, knew

<sup>1</sup> *A Trust to Keep: The One Hundred Year History of Columbus Bank and Trust Company, 1888–1988*, Synovus Financial Corporation (1988), p. 43.

<sup>2</sup> *Ibid.* <sup>3</sup> *Ibid.*, p. 49.