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Leading an Ethical Culture

Ethical challenges are often complex. Planners don't have to be perfect, but they must be intentional in their practice

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Ethics Is Daily Life

"Ethics is knowing the difference between what you have a right to do, and what is right to do."

—Potter Stewart, U. S. Supreme Court Justice, 1958–1981

Imagine this: the husband of an elderly female client calls. His wife, your client, is out of state staying with relatives, and her family won't put her on the phone. He explains that he doesn't get along with her family and doesn't trust them. He's agitated and wants you to intervene. Soon after this call, the family calls saying your client is in the hospital. They say your client is terminally ill and will be discharged to a private nursing facility that is requiring financial statements. They tell you the client is too sedated to speak to you. Unfortunately,

the client has never given approval for you to speak to any relatives, including her husband. Anyone reading this has probably faced multiple ethical challenges. Like this true situation, they're often complex.

Ethics in client work is just one challenge. The work culture offers additional ethical hurdles. Consider a large multi-state firm shifting to remote work. One of the regional leaders secretly takes a long hiatus. The local leaders are happy to run their own fiefdoms, without interference, so they keep the secret. The top leadership is busy undermining each other and pushing down conflicting initiatives. The result is chaos, confusion, and burnout for everyone downstream. Anyone who has worked for a dysfunctional leadership team will relate to this true story.

One of the privileges of being a coach is that clients share very candidly. The confidentiality of the coaching relationship allows coaching clients to reveal what's really going in their work life. They often say: "Barbara, I bet you haven't heard anything like this before." I say: "People tell me things they are not free to share with their friends, peers, leaders, or clients." It's in these conversations that we deal with the knotty dilemmas that professionals encounter routinely. Ethics is the work of daily life. It's solving messy, complicated problems, fraught with overlapping conflicts and competing interests.

Leading Ethics

“History has shown that one cannot legislate a culture of integrity. Yet, one of the paramount responsibilities and challenges of leadership is to ensure such a culture.”

—Preet Bharara, “*Sheriff of Wall Street*,” U.S. Attorney SDNY, 2009–2017

If ethics could be summed up in a simple tag line, it would be the Golden Rule: “Do unto others, as you would have them do unto you.” The Golden Rule can be traced back to ancient civilizations around the globe. So simple and so ancient, but not easy. Google “ethical leadership.” You’ll find multiple experts promoting various programs on leading ethical conduct. To simplify, I propose two ways for leaders to model ethics, and two paths to build an ethical firm culture.

Talk

“Leadership is about keeping your team focused on a goal and motivated to do their best, especially when the stakes are high and the consequences matter.”

—Chris Hadfield, *Test Pilot, Astronaut, and Commander of the International Space Station*, 2012–2013

In coaching conversations, I ask deep and broad questions. I often find that people conduct their day assuming that everyone knows what to do automatically. Upon exploring, we discover that a great deal is *not* automatic. Years of experience brings knowledge and habits that others may not share. You know how to onboard a new client. You know the cadence of your client service. You’ve encountered enough knotty problems to successfully navigate ethical concerns. This ingrained knowledge arises from the middle brain’s procedural memory and the upper brain’s sophisticated insight. Both are

obtained through considerable experience, and none of it is automatic. That’s why it’s important for leaders to talk openly about how to embody the firm values. What is habitual for some is not for others.

If we were in a coaching session about the firm’s values and ethics, I would ask the following:

- How often do you talk about the values and ethics of the firm?
- How often does the team share examples of those values and ethics in real situations?
- How does the team problem solve ethical challenges as they arise?
- How do you train new team members to think through ethical challenges?

Walk

“It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you’ll do things differently.”

—Warren Buffett

Talking is important, and “walking the talk” is even more important. The definition of integrity is acting out your professed values and beliefs. This is hard work, and I’m the first person to admit I am very imperfect. The good news is that psychologists have learned that perfect is not necessary. “Good enough” parents raise good children, in spite of their parents’ imperfections. Heroes of the last century achieved transformational outcomes, despite their personal shortcomings. A preponderance of good often outweighs the occasional minor slip. Consider how you walk the talk by answering the following:

- How do you personally act out your values and ethics?
- How does your team see it?
- Where is it tempting to slip, and how do you avoid that?
- How do you model ethical discipline?

Firm Ethics

Organizational culture is a hot leadership topic. In my psychological opinion, organizational culture is the sum of all the individual behaviors. Therefore, leaders build an ethical culture by rewarding and correcting individuals, one at a time.

Reward

“Properly used, positive reinforcement is extremely powerful.”

—B.F. Skinner, founder of behavioral psychology

You get more of what you reward is a truism of behavioral psychology. Rewards come in many forms: tangible rewards, like money and prizes, as well as social rewards like status and praise. As you ponder your firm’s reward system, consider the following:

- What behaviors do we incentivize?
- How do we expect people to behave, and how is that rewarded?
- How do we hand out promotions and opportunities?
- Who gets power, and why?
- How do we reward service and selflessness?

Correct

“In the end, we will remember not the words of our enemies, but the silence of our friends.”

—Martin Luther King, Jr.

Appropriate and timely correction is essential. One of the most distressing scenarios I’ve encountered involved a truly abusive team leader. The organization excused it because the leader generated high revenue. Typical of many toxic narcissists, this leader was charming to the outside

world, but secretively abusive to his work “family.” Half-hearted attempts to “talk to” the offender prompted more secret abuse. The team learned to stay quiet and submit. By the time I encountered the team, they were beaten down by years of malicious tyranny. On the upside, a regional leader finally stood up to the entire organization and stopped it. It was not easy, but one ethical advocate turned the situation around.

Consider these coaching questions as you evaluate your firm’s corrective processes:

- How do we hold people accountable to our values?
- How successful are we in doing that consistently and promptly?
- How do we uncover hidden cases of neglect or misconduct?
- How do we handle situations so that we don’t over or underreact?

It’s Complicated

You’ll notice this column has more questions than answers. I believe it would be arrogant and presumptuous of me to tell you what to do. Leading a team is hard. Leading with character, honor, and integrity is really hard. If it were easy, everyone would be doing it. Most often it’s complicated, difficult, and requires sacrifice. I help coaching clients find a way that minimizes the damage and maximizes the honorable outcomes. I can’t write it in a short column because there is no easy formula for complicated situations. It takes a lot of deep questions and creative problem-solving. It’s my privilege to walk with clients as they work through complex situations. I’m immensely impressed by the integrity of the financial professionals and leaders I encounter. Thank you for your hard work and commitment to ethical excellence. ■