



# Standardized work for executive leadership

M.L. Emiliani

*School of Technology, Central Connecticut State University,  
New Britain, Connecticut, USA*

Received February 2007  
Revised May 2007  
Accepted June 2007

## Abstract

**Purpose** – The purpose of this paper is to describe common errors made by business leaders as the foundation of a new approach for improving leadership capabilities and effectiveness. Introduces the concept and practice “standardized work” to the duties of executive-level leadership.

**Design/methodology/approach** – This paper utilizes a qualitative approach coupled with deductive reasoning and empirical data from the management practitioner community.

**Findings** – A practical framework for implementing standardized work can be created in relation to the strategic and day-to-day tasks of executive leadership by providing a new definition of leadership, a precise description of business principles, and a standard skill set for executives.

**Research limitations/implications** – This proposal for applying standardized work to the role of executive leadership has not been validated in actual business conditions, though similar concepts have been in effect at some large corporations for decades, with varying degrees of success.

**Practical implications** – Many of the same types of errors are repeated over generations of leaders. Most of these errors can be eliminated if executive leadership will practice the proposed standardized work.

**Originality/value** – This paper contributes to the literature and to leadership practice by introducing the concept “standardized work” to the duties of executive-level leadership and providing a framework for its application that can aid in the long-term success of organizations through generations of leaders.

**Keywords** Executives, Quality control, Leadership, Stakeholder analysis, Standardization

**Paper type** Research paper

## Introduction

It is common to find in lower levels of an organization procedures to guide workers in their day-to-day activities. In some organizations, work procedures are written as simple but highly detailed descriptions called standardized work[1] (Monden, 1998; Liker, 2004). Workers are trained to understand the importance of adhering to standardized work, and also to know the circumstances under which standardized work needs to be created or updated. Sometimes, due to unusual business circumstances, a standardized temporary deviation must be made to standardized work in order to satisfy a customer requirement. Standardized work can be found in various functional areas such as manufacturing (Monden, 1998; Liker, 2004), purchasing and supplier development (Bounds, 1996; Dyer and Nobeoka, 2000), and engineering and new product development (Liker and Morgan, 2006).

The benefits of standardized work are many if it is used correctly. The benefits include the creation of reference point from which to continuously improve, process control, reduction in variability, improved quality and flexibility, stability (i.e. predictable outcomes), visibility into abnormalities, clear expectations, and a platform



---

for individual and organizational learning. Many people misunderstand or misapply standardized work. They view it as a coercive and never-changing, set-in-stone, “one best way” to do work that robs workers of their creative abilities. This is not the intent. Standardized work changes when people come up with better ideas for how to perform the work or when business conditions change. Creative ideas are strongly encouraged and incorporated in a controlled manner, rather than in an *ad hoc* manner as is normally done.

Most executives do not perform their day-to-day work according to detailed work descriptions as do lower-level workers. Rather, they perform their work in accordance with procedures that often lack details of how to actually do the work, and of course they are often mired in time-consuming “firefighting”. As a result, there is a common perception among executives that their duties are so widely varied day-to-day that the application of standardized work to their activities is impossible. However, senior managers tend to think their entire workday is highly varied because that is what they remember most. In fact, observing them at work reveals that only part of their activities vary significantly from one day to the next. Thus, executives conform to processes in some of their day-to-day work and in some aspects of their leadership role, with the recognition that process and leadership are not synonymous – nor are they completely distinctive.

The cause of variation in leaders’ workdays often can be traced to inconsistencies in decision-making and incorrect decisions which introduce errors and other forms of variability. Since much of an executive’s work is decision making, a type of knowledge work, decision-making processes that lack standards can be inefficient and costly. Thus, top leaders may inadvertently create much of the variation that they encounter. Leaders who rationalize the variation they experience as “just the way things are” introduce barriers to the consideration of new ideas that might reduce variation and make their job easier to do and more enjoyable.

In addition, business leaders commonly claim there is a shortage of qualified leaders. This statement indicates that in their view, leadership is a specialized activity. However, the literature is divided on this point (Hay and Hodgkinson, 2006; McCartney and Campbell, 2006). Historically, specialization has tended toward standardization in the case of manual labor (Going, 1911; Kimball, 1913) and some types of knowledge work (Bounds, 1996; Liker and Morgan, 2006). The question is: Can standardization be applied to executive-level knowledge work? If so, standardization could help alleviate leadership shortages and reduce the total cost of leadership, inclusive of compensation and benefits, the cost of common errors that leaders make, etc. Standardized work could offer leaders many of the same benefits that workers and organizations as a whole experience, as previously mentioned. Leaders who are open to the concept of standardized work applied to their activities also would send a clear message that they are serious about participating in continuous improvement and avoiding costly errors.

This paper begins by describing the many types of errors commonly made by senior managers, and then presents this as the rationale for seeking to change how leaders perform some of their daily activities. It proposes the correction of leadership’s errors through the use of “standardized work” which is comprised of a definition of leadership, an expression of business principles, and identification of a skill set for executives. Examples are given of three corporations that have made efforts to create standardized work for leaders, and which have met with varying degrees of long-term

success. The definition and framework for executive-level standardized work that is developed serves as a starting point for scrutiny and possible refinement among potential users. This paper contributes to the literature and to leadership practice by introducing the concept “standardized work” to the duties of executive-level leadership and providing a framework for its application that can aid in the long-term success of organizations through generations of leaders.

The proposed framework is not without limitations. For example, it is not clear that leadership is a specialized activity (Hay and Hodgkinson, 2006; McCartney and Campbell, 2006). Further, not every aspect of a leader’s duties can or should be standardized. It is not the intent of this paper to advocate standardizing 100 percent of a leaders’ day at work, to undercut creativity, to carelessly force conformance of leadership to process, or to suggest a “one best way”. However, rationale is provided that shows a substantial portion of an executive’s daily work activities could be standardized, and that this might have wide-ranging benefits to an organization and its key stakeholders through the reduction or elimination of costly errors. Standardized work also could be helpful in relation to the management of exceptional circumstances generated by the business environment. Getting top leaders to accept standardized work, no matter what the rationale, will not be easy and many mistakes will be made that will cause some leaders to give up. However, perseverance could lead to substantial long-term benefits.

### **Leadership’s recurring errors**

Daily reading of top business periodicals such as *Financial Times*, *The Nikkei Weekly*, and *The Wall Street Journal* tell an interesting story of the more significant errors made by senior managers of the world’s top corporations. Over time, an unmistakable trend emerges that reveals clusters of common errors in executive thinking and business practice (Table I). These errors are remarkable in the sense that they are committed by educated leaders who typically have decades of business experience. In general, the leaders who commit these errors change over time, but occasionally errors are committed repetitively by the same leaders in the same or different organizations.

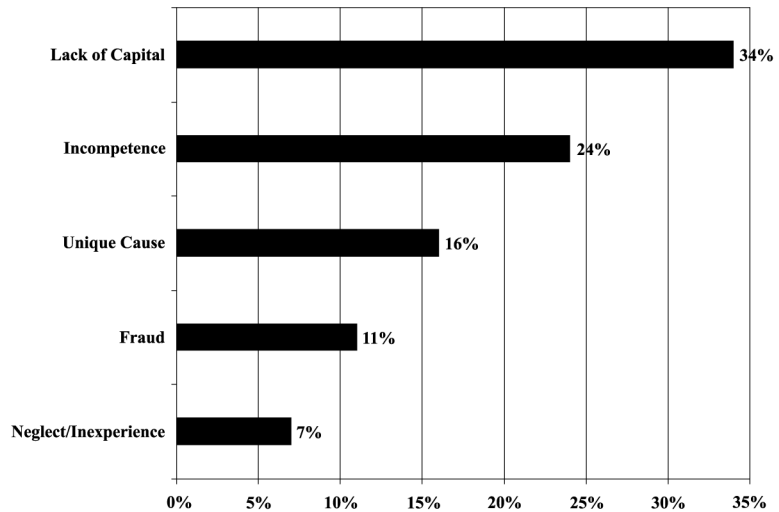
The financial and non-financial costs of these errors are enormous, as evidenced by the wave of corporate fraud that has occurred since 1998, particularly in the USA (Cassidy, 2002; Emiliani, 2004; Dash, 2006). They affect not just the company and its managers and employees, but also customers, suppliers, investors, the community, and competitors. Were these errors one-time, isolated events, they might be of less concern. Instead, these errors seem to be part of the fabric of doing business for over 100 years (Kimball, 1913). The damage these errors cause can be so large that leaders should want to ensure they never occur. But unfortunately they continue to occur.

Small leadership errors often cascade into larger errors, which can threaten the existence of a business. Figure 1 shows the primary causes of business failures between 1907 and 1911. Figure 2 shows the primary causes of business failures in the last several years. There is a high degree of consistency between the categories and percentages listed over a nearly 100-year period. This further supports the observation that similar types of errors are being made by senior managers over the long term. Among other things, this should call into question the efficacy of higher education – particularly business school education (Pfeffer and Fong, 2002) – in

| Affected stakeholder | Practice or behavior  | Standardized work for executive leadership |
|----------------------|---|--|
| Employees            | <ul style="list-style-type: none"> <li>Unpaid labor or unfair pay</li> <li>Uneven pay and benefits between executives and workers</li> <li>Elective mass layoffs</li> <li>Cutting benefits</li> <li>Discrimination and harassment</li> <li>Unsafe workplace – physical or mental</li> <li>Ignoring employee suggestions</li> </ul>  | <b>27</b>                                  |
| Suppliers            | <ul style="list-style-type: none"> <li>Delaying, avoiding, or cutting payments</li> <li>Debiting suppliers' accounts</li> <li>Requiring "pay to play"</li> <li>Squeezing suppliers margins</li> </ul>   |  |
| Customers            | <ul style="list-style-type: none"> <li>Ignoring supplier suggestions</li> <li>Chronic quality problems</li> <li>Price fixing and bid rigging</li> <li>Channel stuffing</li> <li>Incomplete disclosure of terms of sale</li> <li>Withholding information from customers</li> <li>Underpaying claims</li> <li>Ignoring customers or customer complaints</li> <li>Profile-based pricing or non-uniform pricing</li> <li>Tying</li> <li>Differential treatment (throttling)</li> <li>Overcharging or extra fees</li> </ul>  |  |
| Investors            | <ul style="list-style-type: none"> <li>Underpayment</li> <li>Inflating earnings (expense and revenue recognition)</li> <li>Back-dating contracts,</li> <li>Hiding debt</li> <li>Self-dealing</li> <li>Channel stuffing</li> <li>Insider trading</li> <li>Stock option grant or exercise back-dating</li> <li>Failure to respond to the competition</li> <li>Lack of new products or services</li> <li>Supply products or services customers don't want</li> <li>Incomplete disclosure or providing false information</li> <li>Overpaying – acquisitions, consulting services, etc.</li> </ul> |  |
| Community            | <ul style="list-style-type: none"> <li>Underpayment of royalties</li> <li>Plant and office closings</li> <li>Tax evasion or reincorporating offshore</li> <li>Damaging the environment</li> <li>Incomplete disclosure</li> </ul>  |  |
| Competitors          | <ul style="list-style-type: none"> <li>Stock option exercise back-dating</li> <li>Predatory pricing</li> <li>Antitrust violation</li> <li>False or misleading advertising</li> </ul>  |  |
| All                  | <ul style="list-style-type: none"> <li>Acquiring competitor's proprietary documents</li> <li>Power-based, zero-sum bargaining</li> <li>Not sharing gains</li> <li>Blaming people</li> <li>Politicizing the workplace</li> <li>Conflicts of interest</li> </ul>  |  |

**Table I.**  
Common errors made by  
senior managers

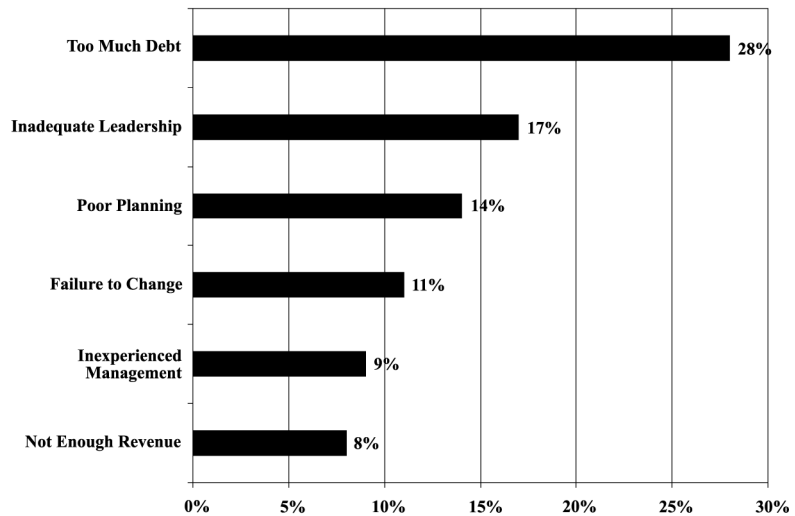
**Source:** Collected from hundreds of articles in *The Wall Street Journal* (1999-2007)



**Figure 1.**  
Principal causes of  
business failures between  
1907-1911

---

**Source:** Kimball (1913)



**Figure 2.**  
Principal causes of  
business failures between  
1998-2003

---

**Source:** BW (2003)

educating future business leaders, and will hopefully lead to effective reforms (Emiliani, 2006; Hay and Hodgkinson, 2006).

Based on the author's experience since 1999 in teaching graduate students who work full-time for a living, they have almost no understanding of the scope and magnitude of the types of repetitive errors listed in Table I. They tend to have a strong internal focus on their company's activities, and only a low single-digit percentage of workers keep abreast of developments in the business world by reading national

---

business periodicals. In other words, most of the few thousand workers whom the author has come into contact with as graduate students – and also as co-workers in a previous decade of experience working as a manager in industry – are almost completely unaware. This is partly because they lack frames of reference or benchmarks for comparison. However, when given a benchmark for comparison, they quickly gain awareness of leadership's errors and their impact upon stakeholders.

The author has regularly included the Caux Round Table *Principles for Business* (Caux, 1994) as a practical, real-world frame of reference in the courses he teaches (see Appendix). The *Principles for Business* is a six-page expression of principled business leadership crafted by CEO-level business leaders in 1994. These business principles differ markedly from personal principles or characteristics that managers might seek to embrace (Schell, 1926; Tead, 1935; Barnard, 1938; Covey, 1992). The former is concerned with inter-organizational business relationships, while the latter is focused more narrowly on personal characteristics, rooted in sociology and psychology, in the context of intra-organizational relationships (Parayitam *et al.*, 2002).

For more than five years the author has conducted an informal, non-scientific survey among adult graduate students who work full time in his leadership course. Nearly 250 working professionals participated in the survey, which was anonymous to both the students and the companies they worked for and approved by the university. Over 90 percent were employed by for-profit service and manufacturing businesses with sales typically between US \$100 million to \$6 billion. Approximately half were supervisors or mid-level managers, about 15 percent were senior managers, and the remainder was independent contributors. Over 95 percent had greater than ten years of business experience.

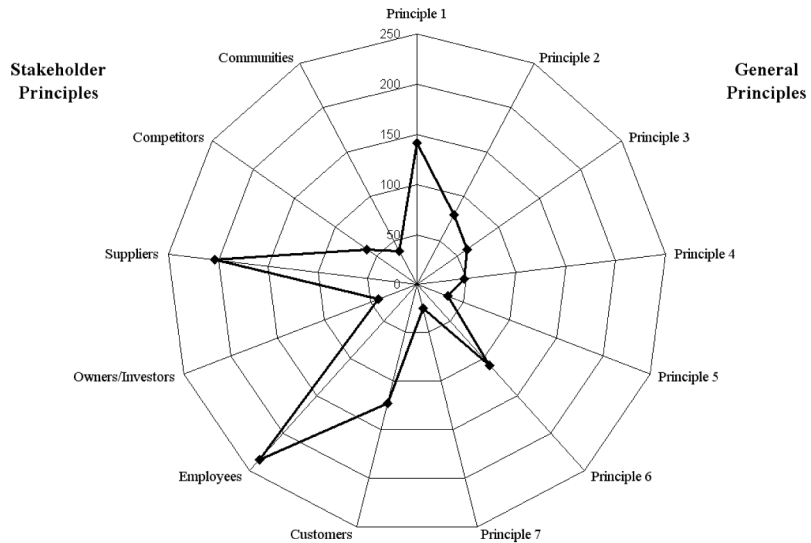
At the start of the course (first class), students were asked to read the Caux Round Table *Principles for Business* and identify the categories in which they felt their company was inconsistent. The results are shown in Figure 3. The radar chart is interpreted as follows: data points further away from the center indicate a perception of increasing inconsistency between their company's performance and the *Principles for Business*, whereas data points near the center indicate a perception of increasing consistency. If, in aggregate, company leaders were broadly consistent with the Caux Round Table *Principles for Business*, then the radar chart would consist of a small circle located close to the center. Instead, we see a highly irregular shape that is indicative of large variances or a lack of balance. In other words, the leaders appear to strongly favor some stakeholders over others (left side of chart), and is more responsive to some of the general principles but not to others (right side of chart). The radar chart reveals other interesting things:

#### *Stakeholder principles*

The largest variances are for the stakeholder categories "Employees" and "Suppliers". Students feel their leaders strongly marginalize their interests and supplier's interests.

The smallest variances are for the stakeholder categories "Community" and "Owners/Investors." Students feel their leaders effectively satisfy the interests of owners/investors and the communities in which they operate.

However, one can easily question the perception that business leaders strongly satisfy the interests of owners/investors. This cannot be the case if employees and suppliers interests are marginalized. After all, they are key stakeholders engaged in the



Source: Caux (1994)

**Figure 3.** Radar chart showing student's perceptions of their company's performance relative to the Caux Round Table Principles for Business

**Notes:** Data points further from the centre of the radar chart indicate unfavourable variances. The categories on the left are the "Stakeholder Principles," while the categories on the right are the "General Principles," which are: Principle 1. The Responsibilities of Businesses: *Beyond Shareholders toward Stakeholders*; Principle 2. The Economic and Social Impact of Business: *Toward Innovation, Justice and World Community*; Principle 3. Business Behavior: *Beyond the Letter of Law Toward a Spirit of Trust*; Principle 4. Respect for Rules; Principle 5. Support for Multilateral Trade; Principle 6. Respect for the Environment; Principle 7. Avoidance of Illicit Operations

value-creating activities that customers desire, and whose performance for customers would likely be much better if they did not feel marginalized.

#### General principles

The largest variances are for Principle 1, "The responsibilities of businesses: *beyond shareholders toward stakeholders*" and Principle 6, "Respect for the environment." Students feel their leaders could do much more to balance the interests of other stakeholders and reduce the company's environmental footprint.

The smallest variances are for Principle 5, "Support for multilateral trade" and Principle 7, "Avoidance of illicit operations." Students feel their leaders effectively satisfy efforts to support global commerce (though many said they are uncomfortable with the increasing levels of work that are outsourced domestically or sent offshore), and avoidance of illicit operations was perceived to be an area of strong compliance.

Principle 1 represents advancement in thinking about the purpose of business and its responsibility to share the wealth more broadly, which the creators of the *Principles for Business* thought was necessary to ensure long-term prosperity in a global

---

economy. Students' perception relative to Principle 1 correlates with their perception that their interests as an "Employees" category stakeholder have been marginalized, as have suppliers' interests. Principle 6, "Respect for the environment," was seen by students as a major area for improvement that can lead to substantial benefits for owners/investors and other stakeholders.

Of course, the news is not all bad. Students were generally proud of their company's products and services and overall performance in the marketplace. However, they uniformly wished their senior management would recognize the need for improvement in the areas identified and lead efforts to make favorable changes. Current business trends indicate the possibility of greater perceived inconsistency with the *Principles for Business*, particularly in companies where leaders indiscriminately seek to outsource or offshore work, increase the use of temporary labor, cut employee wages or benefits, etc.

Overall, this informal, non-scientific survey indicates that when given a point of reference such as the *Principles for Business*, workers can more easily determine if their leaders have made errors, though not necessarily the specific type of errors. Figure 3 graphically illustrates variation that likely has negative effects on stakeholders, even to those which leader's attention may be fully focused on such as shareholders. Thus, leaders who make explicit efforts to "maximize shareholder value" may be undermined by financial and non-financial costs generated by these imbalances, resulting in less efficient operation.

### Correcting errors

In general, it is fair to say that most leaders possess a casual view of errors. The evidence of this can be seen in how they attempt to correct errors. It is usually at the symptom level rather than at the root cause, and they often blame other people or external conditions or events for having caused the errors. If leaders viewed errors seriously, they would focus on understanding deficiencies in business processes such as decision making that leads to errors. While leaders are often trained in root cause analysis, it is rare to find any who actually use the root cause analysis tools they were taught for the types of problems they face.

Some businesses have leaders who emphasize the need to understand the source and nature of errors, and to identify countermeasures to prevent their recurrence. Most notably, this includes leaders that correctly practice Lean management (Womack *et al.*, 1990; Womack and Jones, 1996; Emiliani *et al.*, 2007), a system of management closely aligned with Toyota Motor Corporation's management system (Ohno, 1988; Monden, 1993; Liker, 2004). Errors are viewed as abnormalities that cause undesirable variation which leads to instability. Every employee, from CEO to shop-floor or office worker, is trained in specific methods to:

- recognize a problem;
- analyze a problem quickly;
- identify countermeasures;
- implement countermeasures to prevent recurrence; and
- measure and evaluate results.

As a result, leaders who correctly apply Lean principles and practices do not suffer from the quantity and frequency of errors that others must endure (Womack *et al.*, 1990; Basu, 1999; Spear and Bowen, 1999; Emiliani *et al.*, 2007).

Another approach for eliminating errors and to enable continuous improvement is to establish a precise procedure for doing work; to create what is called “standardized work” (Shingijutsu, 1992; Liker and Meier, 2006). It is an essential part of the Lean management system and efforts to eliminate waste, unevenness, and unreasonableness (Ohno, 1988), and is characterized by Toyota Motor Corporation (Toyota, 1998) as:

Standardized work is a tool for maintaining productivity, quality, and safety at high levels. It provides a consistent framework for performing work at the designated takt time [rate of customer demand] and for illuminating opportunities for making improvements in work procedures. . .

Standardized work provides detailed, step-by-step guidelines for every job. . .

Because standardized work involves following procedures consistently, any inherent problems in the working sequence surface repeatedly and conspicuously. Team leaders and their team members therefore can *identify the problems easily*. And they can *rectify problems promptly*.

Thus, standardized work is the foundation for improvement. In the words of Massaki Imai (1986): “There can be no improvement where there are no standards.” This coupling of improvement to standards is thus viewed to be of critical importance in relation to manual labor and will be carried forward in the development of standardized work for the knowledge work performed by executives. The definition of standardized work published by the Lean Enterprise Institute is (LEI, 2006):

Establishing precise procedures for each operator’s work in a production process, based on three elements:

- (1) Takt time, which is the rate at which products must be made in a process to meet customer demand.
- (2) The precise work sequence in which an operator performs tasks within takt time.
- (3) The standard inventory, including units in machines, required to keep the process operating smoothly.

Standardized work, once established . . . is the object of continuous improvement through *kaizen*.

Where *kaizen* is a Japanese word that literally means “change for the better” in a multilateral context; i.e. the change must be good for all stakeholders. It is typically translated as “continuous improvement” and implies a specific process for continuous improvement.

Standardized work is not a fixed-in-stone one-best-way description to do the work. Instead, standardized work is the current best known method for doing the work, and it is continuously revised based upon *kaizen* and changes in business conditions (Shingijutsu, 1992). The benefits of standardized work include (LEI, 2006):

- documentation of current process;
- reduction in variability (fewer errors);

- simplify training of new personnel; and
- establishes baseline for improvement.

The definitions and context of standardized work that have been presented obviously relate to the work of shop-floor personnel in a manufacturing business. These definitions are not suitable in context of senior management's day-to-day activities, but the concept of standardized work can be applied to the knowledge work of senior executives in a similar fashion.

### Standardized work for executives

Conceptually, the idea is to realize improvement by eliminating the types of errors that leaders commonly make, as shown in Table I and Figures 1 to 3. While the diligent use of formal root cause analysis tools will be necessary, so too will be the establishment of standardized work to make processes such as decision making more efficient and less costly. The logic is as follows: If standardized work is important enough to be applied at the shop-floor level to avoid errors costing anywhere from a few dollars to a several thousand dollars (perhaps more), then it certainly makes sense to apply standardized work to leader's knowledge work to avoid more expensive financial and non-financial errors, perhaps even up to those that lead to forced sale, reorganization under bankruptcy code, or liquidation. The definition of standardized work for executives is:

Establishing precise framework for each leader's work in business processes, based on three elements:

- (1) Definition of leadership that satisfies the needs of internal and external customers.
- (2) A precise description of business principles that leaders use to perform their work.
- (3) A standard skill set to keep business processes operating smoothly.

Standardized work, once established, is the object of continuous improvement through *kaizen*.

A document that specifies standardized work for labor-based activities is, in essence, a definition of how to do a type of work. If the type of work one does is knowledge-based such as leadership, then there should be a definition of leadership that serves as a guide for people in leadership positions. Recall Imai's words (Imai, 1986): "There can be no improvement where there are no standards." Figures 1 and 2 show that over a nearly 100-year period, the cause of business failures has remained largely the same. Table I shows the specific type of repetitive errors that leaders make. Thus, there has not been much improvement in part because there have been no standards or very poor standards. For example, noted leadership writer Warren Bennis had this to say about leadership (Bennis, 1989):

To an extent, leadership is like beauty; it's hard to define, but you know it when you see it. . . at bottom, becoming a leader is synonymous with becoming yourself.

Because there is much ambiguity surrounding how leadership is conceptualized (Hay and Hodgkinson, 2006), there are innumerable definitions of leadership (McCartney and Campbell, 2006; University of Exeter, 2007) that introduce significant variability, which typically leads to uneven outcomes (e.g. Creswell and Barbaro, 2007). The top leaders of large corporations have been very highly compensated in recent years

---

(Cassidy, 2002; Dash, 2006a, b; Fabrikant, 2006; Morgenson, 2006), so one would expect that their performance would be less subject to chance. But the best-known definitions of leadership do, in fact, leave a great deal of room for interpretation among leaders and thus help introduce unwanted variability. For example, John Maxwell's definition of leadership is (Maxwell, 1998):

Leadership is influence – nothing more, nothing less.

---

Peter Drucker's definition of leadership is (Hesselbein *et al.*, 1996):

The only definition of a leader is someone who has followers.

Warren Bennis's widely quoted definition of leadership is (Bennis, 2003):

Leadership is a function of knowing yourself, having a vision that is well communicated, building trust among colleagues, and taking effective action to realize your own leadership potential.

These common definitions of leadership are inadequate if we are to avoid the problems shown in Table I and Figures 1 to 3. The principal shortcomings are that they lack sufficient detail to know precisely what to do; most are focused on the leader and not the followers – the customers of leadership; and they can be interpreted by leaders in many different ways. Further, and most importantly, both good and bad leaders can satisfy these definitions, which render them useless. For example, the corrupt leaders at Enron, WorldCom, Computer Associates, Rite-Aid, Warnaco, and Sunbeam Corporation had influence; they had no difficulty building trust among colleagues; they were able to communicate a vision; and the actions they took helped them realize their leadership potential.

I offer a new standardized definition of leadership; one that is more specific and actionable. It is less concerned with leaders' personal attributes and more focused on the effect leaders should have on others in the execution of their day-to-day activities. The first element of standardized work for leaders is this:

Beliefs, behaviors, and competencies that demonstrate respect for people, motivate people, improve business conditions, minimize or eliminate organizational politics, ensure effective utilization of resources, and eliminate confusion and rework.

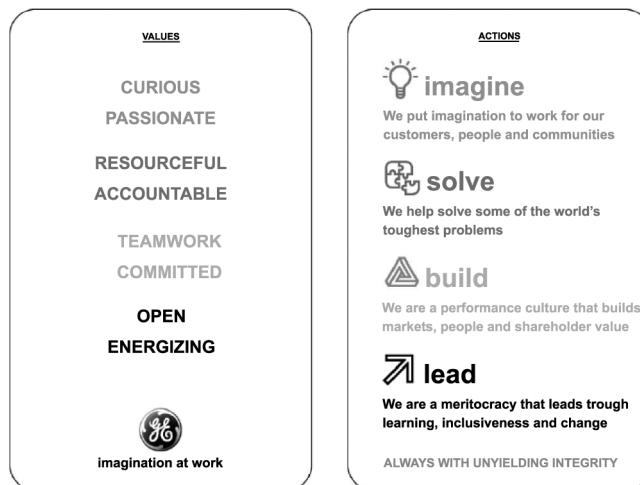
This definition brings to the forefront several critical aspects of leadership that are often very poorly practiced, as illustrated by Table I and Figures 1 to 3. This new leadership definition seeks to inform leaders of their responsibility to eliminate waste and inefficiency, and to avoid marginalizing the interests of key stakeholders. Thus, it begins to inform leaders that a principal aspect of their function is to facilitate information flows, not to block them. This is a unique view of the role of leadership; one that suggests many interesting research opportunities.

The second element of standardized work is a description of business principles that leaders can use to perform their work. Attempts have been made by corporations to do this, including General Electric (GE), Hewlett-Packard (HP), and Toyota Motor Corporation.

General Electric's representation of the "GE Way" under former CEO John F. Welch, Jr (Slater, 1999) is given in the form of GE leadership values (i.e. beliefs) and actions in the context of "what we do" (GE, 2000, 2007):

All of us [GE Leaders] ... always with unyielding integrity ...  
 Are passionately focused on driving customer success  
 Live Six Sigma Quality ... ensure that the customer is always its  
 first beneficiary ... and use it to accelerate growth  
 Insist on excellence and are intolerant of bureaucracy  
 Act in a boundaryless fashion ... always search for and apply the  
 best ideas regardless of their source  
 Prize global intellectual capital and the people that provide it ...  
 build diverse teams to maximize it  
 See change for the growth opportunities it brings ... e.g., “e-Business”  
 Create a clear, simple, customer-centered vision ... and continually  
 renew and refresh its execution  
 Create an environment of “stretch,” excitement, informality and  
 trust ... reward improvements ... and celebrate results  
 Demonstrate ... always with infectious enthusiasm for the customer ...  
 the “4-E’s” of GE leadership: the personal Energy to welcome and  
 deal with the speed of change ... the ability to create an atmosphere  
 that Energizes others ... the Edge to make difficult decisions ... and  
 the ability to consistently Execute

This representation of the “GE Way” has come under criticism as GE executive alumni have moved on to lead other organizations with less success than expected (Deutsch, 2001, 2007). General Electric’s representation of the “GE Way” under current CEO Jeffrey Immelt, shown in Figure 4, is similar in approach to the earlier expression, but significantly different in its focus and style of presentation (GE, 2007). Rather than an expression of business principles, this new version of the “GE Way” also describes GE values and the actions that people are expected to take.



Source: GE (2007)

Figure 4.  
General Electric’s  
representation of the  
“GE Way”

Hewlett-Packard's original 1957 representation of the "HP Way" is (HP, 2007a,b):

In the company's first off-site meeting of senior managers, the HP corporate objectives are written. In keeping with the company's practice of management by objective, the purpose of these objectives is to serve as a day-to-day guide for management decision-making in a rapidly growing company. "We thought that if we could get everybody to agree on what our objectives were and to understand what we were trying to do, then we could turn them loose and they would move in a common direction," Dave [Packard] later says about the meeting. The objectives cover seven points: **profit, customers, fields of interest, growth, our people, management and citizenship.** [bold added]. These management philosophies, radically different from the top-down management style of many companies, serve as the basis of HP's management style, which comes to be known as the "HP Way."

This representation is given both as "objectives" and "management philosophies", rather than as business principles, and remained in use through 1999. The current representation of the "HP Way", shown in Figure 5, is similar in that it is a statement of shared values, yet significantly different from the 1957 version in its areas of focus. The original "HP Way" served as a successful expression of business objectives for about 40 years, or two to three generations of leaders. Both General Electric's and HP's current descriptions, as publicly available, are not precise, lack the scope and detail

### Our shared values

The way we get things done

#### Passion for customers

We put our customers first in everything we do.

#### Trust and respect for individuals

We work together to create a culture of inclusion built on trust, respect and dignity for all.

#### Achievement and contribution

We strive for excellence in all we do; each person's contribution is key to our success.

#### Results through teamwork

We effectively collaborate, always looking for more efficient ways to serve our customers.

#### Speed and agility

We are resourceful, adaptable and achieve results faster than our competitors.

#### Meaningful innovation

We are the technology company that invents the *useful* and the *significant*.

#### Uncompromising integrity

We are open, honest and direct in our dealings.



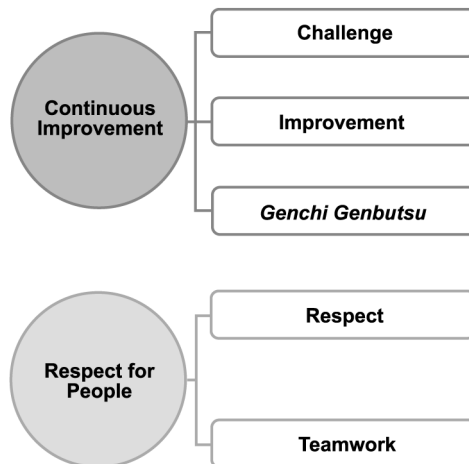
Figure 5.  
Hewlett-Packard's  
representation of the  
"HP Way"

Source: HP (2007a)

contained in the Caux Round Table *Principles for Business*, and are more similar to each other than they are to Toyota’s representation of the “Toyota Way”.

Toyota Motor Corporation’s representation of the “Toyota Way” is contained in an 11-page internal document titled “The Toyota Way 2001” (Toyota, 2001). While Figure 6 shows the top-level representation of “The Toyota Way”, the booklet contains a large amount of detail and examples that capture leadership’s long-standing implicit and explicit beliefs, their behaviors, and important competencies. Some of the contents of “The Toyota Way 2001” dates back to the start of its automotive business in 1937, which itself has roots to the Toyoda family’s textile business from the 1890s. “The Toyota Way 2001” represents an expression of Toyota’s “fundamental DNA” (Toyota, 2001) that has existed for over 70 years, or four to six generations of leaders.

“The Toyota Way 2001” is intended not just for leaders, but for all Toyota employees. It is much more precise in comparison to GE’s and HP’s representation of their respective “Ways”. Additional precision comes in the form of key Toyota documents such as the “Toyoda Precepts” dating from the 1890s and codified in 1935 (Toyota, 1988), “Guiding Principles” dating from 1963, and the “Contribution Towards Sustainable Development” released in 2005 (Basu, 1999; Toyota, 2007). The “Contribution Towards Sustainable Development” document is based on the “Guiding Principles” and closely resembles the Caux Round Table *Principles for Business* in that it explicitly describes the type of relationships it seeks with its stakeholders: customers, employees, business partners, shareholders, and global society and local communities. Thus, in Toyota’s case, there is a richer supply of detailed information to help leaders do their work. In addition, Toyota’s key documents have undergone only small changes over the last several decades (Basu, 1999).



**Source:** Toyota (2003)

**Note:** The Japanese words *Genchi Genbutsu* mean “go to the source”, in the context of fact-finding to understanding the true nature of problems and making correct decisions (Toyota, 2003)

**Figure 6.**  
Toyota Motor  
Corporation’s top-level  
representation of “The  
Toyota Way”

Rather than create from scratch the second element of standardized work for executives to perform their work, it would be sensible to simply use the Caux Round Table *Principles for Business* as the standardized description of business principles.

The third element of standardized work is a standard skill set to keep business processes operating smoothly. This formulation of skill set differs from how the term is typically applied to factory or office worker activities. In this case, the term “skill set” would be a bit broader and consist of a short list of mindsets, behaviors, and skills that will help keep business processes operating smoothly. It is as follows:

- *Customer first* – Recognizing the importance of the customer to business continuity and satisfying their ever-changing needs.
- *Process and results* – Avoiding the dysfunctional “results are the only thing that matter” view that is often prevalent among senior managers.
- *Developing people* – Commitment to developing associates and to create future leaders through significant cross-functional work experience.
- *Quantitative plus qualitative* – Balance quantitative and qualitative information to make correct decisions, rather than focusing almost exclusively on the numbers.
- *Go see/get hands dirty* – Willingness to go to the source; to engage people in a non-blaming, non-judgmental way; comfortable doing front-line value-adding work periodically as a way to learn and improve.
- *PDCA cycle* – Uses Plan-Do-Check-Act cycle for continuous improvement.
- *Root cause analysis* – Uses simple root cause analysis tools to better understand the source of problems and identify countermeasures.
- *Time consciousness* – Responsiveness to problems and knowing when to respond to opportunities.
- *Stakeholders as resources, not costs* – Possesses positive view that stakeholders are resources to the enterprise.
- *Technology to help people* – Understands role of technology to help people and support business processes, not as a means to replace people.
- *Sharing* – Shares wealth among various stakeholders to create new opportunities and drive business growth.

Thus, establishing the precise framework for each leader’s work in business processes, based on three elements, is as follows:

- (1) *Definition of leadership that satisfies the needs of internal and external customers:*
  - Beliefs, behaviors, and competencies that demonstrate respect for people, motivate people, improve business conditions, minimize or eliminate organizational politics, ensure effective utilization of resources, and eliminate confusion and rework.
- (2) *A precise description of business principles that leaders use to perform their work:*
  - Caux Round Table *Principles for Business* (Caux, 1994).

(3) *A standard skill set to keep business processes operating smoothly:*

- customer first;
- process and results;
- developing people;
- quantitative plus qualitative;
- go see/get hands dirty;
- PDCA cycle;
- root cause analysis;
- time consciousness;
- stakeholders as resources,
- not costs; and
- technology to help people;
- Sharing

Standardized work, once established, is the object of continuous improvement through kaizen.

The benefits of this approach should be similar to that found among organizations that practice standardized work very well, such as Toyota Motor Corporation:

- documentation of current leadership processes;
- reduction in variability (fewer errors) in leadership activities;
- simplify training of new leaders and flexibility in staffing; and
- establish baseline for improvement.

Empirical evidence from corporations such as GE, HP, and Toyota indicate that their descriptions of “The Way” can be beneficial in helping leaders achieve long-term success, though HP has stumbled recently (Rivlin, 2005). It is expected that the proposed standardized work for executives could yield better long-term results because it is more specific and comprehensive, yet remains relatively simple and concise. Daily use of standardized work should improve the efficiency of leadership decision-making and develop leadership capabilities much in the same way that daily practice improves a musician’s efficiency and capabilities.

Once standardized work is established, the next step is to perform the work to the standard, measure the results, and make corrections. In the case of executive leadership, it is reasonable to use financial and non-financial performance metrics and feedback processes that are likely already in place. While it best to have metrics few in number, as simple as possible, and also timely (Fiume and Cunningham, 2003), it would be helpful to create a new metric, as shown in Figure 3. This would give leaders a broad view of how their work and decisions are interpreted by key stakeholders. Appropriate rewards would have to be established for executives who adhere to standardized work and meaningful corrections devised by the leadership team in advance for those who do not.

---

### Summary

The need for consistent leadership and business performance is well recognized among senior managers and other internal and external stakeholders. However, the means for achieving consistent performance can be elusive as illustrated by the many types of serious errors commonly made by executives. These errors were shown in order to establish the need for improvement in how business leaders perform their work and make decisions.

A model of standardized work was developed for executives based upon the existing formulation of standardized work used by some in industry for labor and knowledge worker activities. Its design is intended to reduce or eliminate the common errors that senior managers make, as well as for improving their overall leadership capabilities and effectiveness for the long-term. This is achieved by providing a new standardized definition of leadership, a standardized description of business principles (Caux, 1994), and identifying a standardized skill set for executives.

This framework has not yet been validated in actual business conditions and may be subject to further improvement, particularly with regard to the standardized skill set as needs change. However, similar concepts have been in effect in some large corporations for decades with different degrees of success. Ultimately, the test of effectiveness depends upon whether or not leaders in organizations will individually and collectively contribute to ensuring the survival of standardized work over generations of leaders, similar to how Toyota Motor Corporation's leaders have kept the "Toyota Way" alive since the 1890s. This could be a key responsibility of boards of directors.

Finally, the proposed framework for executive-level standardized work offers a rich avenue for future empirical research into the effectiveness of this approach in reducing errors and improving leadership capabilities.

### Note

1. Standardized work is not the same as work standards. Work standards are imposed on workers by managers as part of a financial effort to create standard unit costs used in absorption accounting systems. Standardized work is the creation of the best known method of work at a given point in time that yields the highest quality, least amount of waste, and lowest total cost. Work standards focus on the worker, are thought by managers to be the one best way the work can be performed, and are used as a carrot or stick against employees. In contrast, standardized work focuses on the process and is used to establish a baseline for continuous improvement in which workers and managers participate (Liker and Meier, 2006).

### References

- Barnard, C. (1938), *The Functions of the Executive*, Harvard University Press, Cambridge, MA.
- Basu, S. (1999), *Corporate Purpose: Why it Matters More than Strategy*, Garland Publishing, New York, NY.
- Bennis, W. (1989), *On Becoming a Leader*, Addison-Wesley Publishing, Reading, MA.
- Bennis, W. (2003), *Leaders: Strategies for Taking Charge*, HarperCollins Publishers, New York, NY, p. 78.
- Bounds, G. (1996), "Toyota supplier development", in Bounds, G. (Ed.), *Cases in Quality*, Irwin, Chicago, IL, pp. 3-25.
- Cassidy, J. (2002), "The greed cycle", *The New Yorker*, 23 September, pp. 64-77.

- 
- Caux (1994), "Caux Round Table: Principles for Business", Caux Round Table, available at: [www.cauxroundtable.org/documents/Principles%20for%20Business.PDF](http://www.cauxroundtable.org/documents/Principles%20for%20Business.PDF) (accessed 4 January, 2007).
- Covey, S. (1992), *Principle Centered Leadership*, Fireside/Simon & Schuster, New York, NY.
- Creswell, J. and Barbaro, M. (2007), "Home depot ousts highly paid chief", *The New York Times*, 4 January.
- Dash, E. (2006), "Report estimates the costs of a stock options scandal", *The New York Times*, 6 September.
- Dash, E. (2006a), "Executive pay: off to the races again, leaving many behind", *The New York Times*, 9 April.
- Deutsch, C.H. (2001), "At G.E., whither the house that Jack built?", *The New York Times*, 6 September.
- Deutsch, C.H. (2007), "G.E. magic can fade, after GE", *The New York Times*, 4 January.
- Dyer, J. and Nobeoka, K. (2000), "Creating and managing a high-performance knowledge sharing network: the Toyota case", *Strategic Management Journal*, Vol. 21, pp. 345-67.
- Emiliani, M.L. (2004), "Is management education beneficial to society?", *Management Decision*, Vol. 42 Nos 3/4, pp. 481-98.
- Emiliani, M.L. (2006), "Improving management education", *Quality Assurance in Education*, Vol. 14 No. 4, pp. 363-84.
- Emiliani, B., Stec, D., Grasso, L. and Stodder, J. (2007), *Better Thinking, Better Results: Case Study and Analysis of an Enterprise-Wide Lean Transformation*, 2nd ed., The CLBM, LLC, Kensington, CT.
- Fabrikant, G. (2006), "US-style pay deals for chiefs become all the rage in Europe", *The New York Times*, 16 June.
- Fiume, O. and Cunningham, J. (2003), *Real Numbers*, Managing Times Press, Durham, NC.
- GE (2000), *Annual Report: GE Values*, General Electric Corporation, Fairfield, CT, available at: [www.ge.com/annual00/values/index.html](http://www.ge.com/annual00/values/index.html) (accessed 5 January, 2007).
- GE (2007), *General Electric Values*, General Electric Corporation, Fairfield, CT, available at: [www.ge.com/files/usa/en/company/companyinfo/valuesandactions.pdf](http://www.ge.com/files/usa/en/company/companyinfo/valuesandactions.pdf) and [www.ge.com/en/company/companyinfo/at\\_a\\_glance/ge\\_values.htm](http://www.ge.com/en/company/companyinfo/at_a_glance/ge_values.htm) (accessed 4 January, 2007).
- Going, C. (1911), *Principles of Industrial Engineering*, McGraw-Hill, New York, NY, pp. 26-31.
- HP (2007a), *HP Timeline – 1950's (1957)*, Hewlett-Packard Company, Palo Alto, CA, available at: [www.hp.com/hpinfo/about/hp/histnfacts/timeline/hist\\_50s.html?jumpid=reg\\_R1002\\_USEN](http://www.hp.com/hpinfo/about/hp/histnfacts/timeline/hist_50s.html?jumpid=reg_R1002_USEN) (accessed 4 January, 2007).
- HP (2007b), *Our Shared Values: The Way We Get Things Done*, Hewlett-Packard Company, Palo Alto, CA, available at: [www.hp.com/hpinfo/about/hp/diversity/sharedvalues.html](http://www.hp.com/hpinfo/about/hp/diversity/sharedvalues.html) (accessed 4 January, 2007).
- Hay, A. and Hodgkinson, M. (2006), "Rethinking leadership: a way forward for teaching leadership?", *Leadership & Organizational Development Journal*, Vol. 27 No. 2, pp. 144-58.
- Hesselbein, F., Goldsmith, M. and Beckhard, R. (Eds.) (1996), *The Leader of the Future*, Jossey-Bass, New York NY, p. ii.
- Imai, M. (1986), *Kaizen: The Key to Japan's Competitive Success*, McGraw-Hill, New York, NY, p. 74.
- Kimball, D. (1913), *Principles of Industrial Organization*, McGraw-Hill, New York, NY, p. 245.
- LEI (2006), *Lean Lexicon*, 3rd ed., Lean Enterprise Institute, Cambridge, MA, p. 85, version 3.0.

- Liker, J. (2004), *The Toyota Way*, McGraw-Hill, New York, NY.
- Liker, J. and Meier, D. (2006), *The Toyota Way Fieldbook*, McGraw-Hill, New York, NY, Ch. 6.
- Liker, J. and Morgan, J. (2006), "The Toyota way in services: the case of lean product development", *Academy of Management Perspectives*, Vol. 20 No. 2, pp. 5-20.
- McCartney, W. and Campbell, C. (2006), "Leadership, management, and derailment: a model of individual success and failure", *Leadership & Organization Development Journal*, Vol. 27 No. 3, pp. 190-202.
- Maxwell, J.C. (1998), *21 Irrefutable Laws of Leadership*, Thomas Nelson, Nashville, TN.
- Monden, Y. (1993), *Toyota Management System: Linking the Seven Key Functional Areas*, Productivity Press, Portland, OR.
- Monden, Y. (1998), *Toyota Production System: An Integrated Approach to Just-In-Time*, 3rd ed., Industrial Engineering and Management Press, Norcross, GA, pp. 85-98.
- Morgenson, G. (2006), "Group think; peer pressure: inflating executive pay", *The New York Times*, 26 November.
- Ohno, T. (1988), *Toyota Production System*, Productivity Press, Portland, OR.
- Parayitam, S., White, M. and Hough, J. (2002), "Juxtaposition of Chester I. Barnard and Frederick W. Taylor: forerunners of management", *Management Decision*, Vol. 40 No. 10, pp. 1003-12.
- Pfeffer, J. and Fong, C. (2002), "The end of business schools? Less success than meets the eye", *Academy of Management Learning and Education*, Vol. 1 No. 1, pp. 78-95.
- Rivlin, G. (2005), "Shake-up at Hewlett: Hewlett's Board forces Chief out after rocky stay", *The New York Times*, 10 February.
- Schell, E. (1926), *The Technique of Executive Control*, McGraw-Hill, New York, NY.
- Shingijutsu (1992), *How to Implement Kaizen in Manufacturing*, Shingijutsu, Gifu, Japan, p. 17.
- Slater, R. (1999), *Jack Welch and the GE Way*, McGraw Hill, New York, NY.
- Spear, S. and Bowen, K. (1999), "Decoding the DNA of the Toyota production system", *Harvard Business Review*, Vol. 77 No. 5, pp. 96-106.
- Tead, O. (1935), *The Art of Leadership*, McGraw-Hill, New York, NY.
- Toyota (1988), *Toyota: A History of the First 50 Years*, Toyota Motor Corporation, Toyota City, Japan, p. 37.
- Toyota (1998), *The Toyota Production System*, Toyota Motor Corporation, Toyota City (Nagoya), Japan, p. 32 and 34.
- Toyota (2001), *The Toyota Way 2001*, Toyota Motor Corporation, Toyota City (Nagoya), Japan, internal document, April.
- Toyota (2003), *Toyota Environmental and Social Report 2003*, Toyota Motor Corporation, Toyota City, Japan, available at: [www.toyota.co.jp/en/environmental\\_rep/03/pdf/E\\_kankyohouhoukoku2003.pdf](http://www.toyota.co.jp/en/environmental_rep/03/pdf/E_kankyohouhoukoku2003.pdf) (accessed 4 January, 2007).
- Toyota (2007), *Vision and Philosophy*, Toyota Motor Corporation, Toyota City, Japan, available at: [www.toyota.co.jp/en/vision/index.html](http://www.toyota.co.jp/en/vision/index.html) (accessed 4 January, 2007).
- University of Exeter (2007), *Leadership Definitions*, Center for Leadership Studies, University of Exeter, Exeter, available at: [www.leadership-studies.com/lsw/definitions.htm](http://www.leadership-studies.com/lsw/definitions.htm) (accessed 5 January, 2007).
- Womack, J., Jones, D. and Roos, D. (1990), *The Machine That Changed the World*, Rawson Associates, New York, NY, pp. 139-68.
- Womack, J. and Jones, D. (1996), *Lean Thinking*, Simon & Schuster, New York, NY.

---

## Appendix. Caux Round Table *Principles for Business* (Caux, 1994)

### *Introduction*

The Caux Round Table believes that the world business community should play an important role in improving economic and social conditions. As a statement of aspirations, this document aims to express a world standard against which business behavior can be measured. We seek to begin a process that identifies shared values, reconciles differing values, and thereby develops a shared perspective on business behavior acceptable to and honored by all.

These principles are rooted in two basic ethical ideals: *kyosei* and human dignity. The Japanese concept of *kyosei* means living and working together for the common good enabling cooperation and mutual prosperity to coexist with healthy and fair competition. “Human dignity” refers to the sacredness or value of each person as an end, not simply as a mean to the fulfillment of others’ purposes or even majority prescription.

The General Principles in Section 2 seek to clarify the spirit of *kyosei* and “human dignity”, while the specific Stakeholder Principles in Section 3 are concerned with their practical application.

In its language and form, the document owes a substantial debt to The Minnesota Principles, a statement of business behavior developed by the Minnesota Center for Corporate Responsibility. The Center hosted and chaired the drafting committee, which included Japanese, European, and United States representatives.

Business behavior can affect relationships among nations and the prosperity and well-being of us all. Business is often the first contact between nations and, by the way in which it causes social and economic changes, has a significant impact on the level of fear or confidence felt by people worldwide. Members of the Caux Round Table place their first emphasis on putting one’s own house in order, and on seeking to establish what is right rather than who is right.

*Section 1. Preamble.* The mobility of employment, capital, products and technology is making business increasingly global in its transactions and its effects.

Law and market forces are necessary but insufficient guides for conduct.

Responsibility for the policies and actions of business and respect for the dignity and interests of its stakeholders are fundamental.

Shared values, including a commitment to shared prosperity, are as important for a global community as for communities of smaller scale.

For these reasons, and because business can be a powerful agent of positive social change, we offer the following principles as a foundation for dialogue and action by business leaders in search of business responsibility. In so doing, we affirm the necessity for moral values in business decision making. Without them, stable business relationships and a sustainable world community are impossible.

### *Section 2. General principles*

- *Principle 1. The responsibilities of businesses:* beyond shareholders toward stakeholders. The value of a business to society is the wealth and employment it creates and the marketable products and services it provides to consumers at a reasonable price commensurate with quality. To create such value, a business must maintain its own economic health and viability, but survival is not a sufficient goal.

Businesses have a role to play in improving the lives of all their customers, employees, and shareholders by sharing with them the wealth they have created. Suppliers and competitors as well should expect businesses to honor their obligations in a spirit of honesty and fairness. As responsible citizens of the local, national, regional and global communities in which they operate, businesses share a part in shaping the future of those communities.

- *Principle 2. The economic and social impact of business:* toward innovation, justice and World community. Businesses established in foreign countries to develop, produce or sell should also contribute to the social advancement of those countries by creating productive

employment and helping to raise the purchasing power of their citizens. Businesses also should contribute to human rights, education, welfare, and vitalization of the countries in which they operate.

Businesses should contribute to economic and social development not only in the countries in which they operate, but also in the world community at large, through effective and prudent use of resources, free and fair competition, and emphasis upon innovation in technology, production methods, marketing and communications.

- *Principle 3. Business behavior:* beyond the letter of law toward a spirit of trust While accepting the legitimacy of trade secrets, businesses should recognize that sincerity, candor, truthfulness, the keeping of promises, and transparency contribute not only to their own credibility and stability but also to the smoothness and efficiency of business transactions, particularly on the international level.
- *Principle 4. Respect for rules.* To avoid trade frictions and to promote freer trade, equal conditions for competition, and fair and equitable treatment for all participants, businesses should respect international and domestic rules. In addition, they should recognize that some behavior, although legal, may still have adverse consequences.
- *Principle 5. Support for multilateral trade.* Businesses should support the multilateral trade systems of the GATT/World Trade Organization and similar international agreements. They should cooperate in efforts to promote the progressive and judicious liberalization of trade and to relax those domestic measures that unreasonably hinder global commerce, while giving due respect to national policy objectives.
- *Principle 6. Respect for the environment.* A business should protect and, where possible, improve the environment, promote sustainable development, and prevent the wasteful use of natural resources.
- *Principle 7. Avoidance of illicit operations.* A business should not participate in or condone bribery, money laundering, or other corrupt practices: indeed, it should seek cooperation with others to eliminate them. It should not trade in arms or other materials used for terrorist activities, drug traffic or other organized crime.

### *Section 3. Stakeholder principles*

- (1) *Customers.* We believe in treating all customers with dignity, irrespective of whether they purchase our products and services directly from us or otherwise acquire them in the market. We therefore have a responsibility to:
  - provide our customers with the highest quality products and services consistent with their requirements;
  - treat our customers fairly in all aspects of our business transactions, including a high level of service and remedies for their dissatisfaction;
  - make every effort to ensure that the health and safety of our customers, as well as the quality of their environment, will be sustained or enhanced by our products and services; and
  - assure respect for human dignity in products offered, marketing, and advertising; and respect the integrity of the culture of our customers.
- (2) *Employees.* We believe in the dignity of every employee and in taking employee interests seriously. We therefore have a responsibility to:
  - provide jobs and compensation that improve workers' living conditions;
  - provide working conditions that respect each employee's health and dignity;
  - be honest in communications with employees and open in sharing information, limited only by legal and competitive constraints;

- listen to and, where possible, act on employee suggestions, ideas, requests and complaints;
  - engage in good faith negotiations when conflict arises;
  - avoid discriminatory practices and guarantee equal treatment and opportunity in areas such as gender, age, race, and religion;
  - promote in the business itself the employment of differently able people in places of work where they can be genuinely useful;
  - protect employees from avoidable injury and illness in the workplace;
  - encourage and assist employees in developing relevant and transferable skills and knowledge; and
  - be sensitive to the serious unemployment problems frequently associated with business decisions, and work with governments, employee groups, other agencies and each other in addressing these dislocations.
- (3) *Owners/investors.* We believe in honoring the trust our investors place in us. We therefore have a responsibility to:
- apply professional and diligent management in order to secure a fair and competitive return on our owners' investment;
  - disclose relevant information to owners/investors subject to legal requirements and competitive constraints;
  - conserve, protect, and increase the owners/investors' assets; and
  - respect owners/investors' requests, suggestions, complaints, and formal resolutions.
- (4) *Suppliers.* Our relationship with suppliers and subcontractors must be based on mutual respect. We therefore have a responsibility to:
- seek fairness and truthfulness in all our activities, including pricing, licensing, and rights to sell;
  - ensure that our business activities are free from coercion and unnecessary litigation;
  - foster long-term stability in the supplier relationship in return for value, quality, competitiveness and reliability;
  - share information with suppliers and integrate them into our planning processes;
  - pay suppliers on time and in accordance with agreed terms of trade; and
  - seek, encourage and prefer suppliers and subcontractors whose employment practices respect human dignity.
- (5) *Competitors.* We believe that fair economic competition is one of the basic requirements for increasing the wealth of nations and ultimately for making possible the just distribution of goods and services. We therefore have a responsibility to:
- foster open markets for trade and investment;
  - promote competitive behavior that is socially and environmentally beneficial and demonstrates mutual respect among competitors;
  - refrain from either seeking or participating in questionable payments or favors to secure competitive advantages;
  - respect both tangible and intellectual property rights; and
  - refuse to acquire commercial information by dishonest or unethical means, such as industrial espionage.

- (6) *Communities*. We believe that as global corporate citizens we can contribute to such forces of reform and human rights as are at work in the communities in which we operate. We therefore have a responsibility in those communities to:
- respect human rights and democratic institutions, and promote them wherever practicable;
  - recognize government's legitimate obligation to the society at large and support public policies and practices that promote human development through harmonious relations between business and other segments of society;
  - collaborate with those forces in the community dedicated to raising standards of health, education, workplace safety and economic well-being;
  - promote and stimulate sustainable development and play a leading role in preserving and enhancing the physical environment and conserving the earth's resources;
  - support peace, security, diversity and social integration;
  - respect the integrity of local cultures; and
  - be a good corporate citizen through charitable donations, educational and cultural contributions, and employee participation in community and civic affairs.

#### **About the author**

Prior to joining academia, M.L. Emiliani (Bob) worked in industry for 15 years and had management responsibility in engineering (R&D, new product development) and operations (manufacturing and supply chain). He had responsibility for implementing Lean principles and practices in both manufacturing and supply networks at Pratt & Whitney. He is internationally recognized for his work in Lean management and his groundbreaking work on Lean leadership. Bob is the principal author of the book *Better Thinking, Better Results: Case Study and Analysis of an Enterprise-Wide Lean Transformation*. It is a detailed examination of The Wiremold Company's (West Hartford, CT) Lean transformation from 1991 to 2001. The book won a Shingo Research Prize in 2003 as the first book to describe an enterprise-wide Lean transformation in a real company where both principles of Lean management – "Continuous Improvement" and "Respect for People" – were applied. Bob has authored or co-authored over 30 peer-reviewed management papers on Lean leadership and supply chain management. Overall, five of his papers have won awards for excellence from Emerald Publishing. He has also written ten peer-reviewed papers on materials science and engineering and over 40 technical reports, papers, and management articles. Bob's papers have been published in diverse journals such as *Management Decision*, *Supply Chain Management: An International Journal*, *Journal of Management History*, *TQM Magazine*, *Journal of Workplace Learning*, *Quality Assurance in Education*, *Leadership & Organizational Development*, and *Industrial Marketing Management*. Bob is a member of the editorial review boards of *Leadership & Organization Development Journal*, *Management Decision*, *Industrial Marketing Management*, *Supply Chain Management: An International Journal*, and an *ad hoc* reviewer for several other journals. He was North American Regional Editor of *Supply Chain Management: An International Journal* from 2005-2007. He can be contacted at: [emiliani@mail.ccsu.edu](mailto:emiliani@mail.ccsu.edu)