



www.corporatecompliance.org

Compliance & Ethics *Professional*

A PUBLICATION OF THE SOCIETY OF CORPORATE COMPLIANCE AND ETHICS

Leadership and trust: An interview with David Humphreys

President and CEO

TAMKO Building Products, Inc.

Joplin, MO

Reprint



Dear fellow TAMKO employee:

Effective leadership can be summarized in one word: *TRUST*. Whether you're a coach, a departmental manager, or a CEO, you must earn the trust of the people you wish to lead, and you, in turn, must be able to trust them. Without mutual trust, you cannot be a successful leader.

I learned more about "leadership" from one person in particular who had told me what to do and say but then, when our clients were very upset with what I said, chewed me out for having done so. He undermined my trust in him by not sticking by me when the going got tough. After all, I had done just as he had instructed me. Instead, what I learned was how to protect myself from that happening again. When you are worried that you can't trust your boss you can't do your best – instead you are always on the defensive trying to avoid stepping on landmines or being targeted to take the fall. So, effective leaders must demonstrate by their actions that they are worthy of trust.

Moreover, it's not enough for people to trust you. Effective leaders must also communicate by both words and actions that they trust their people. In my experience, people work a lot harder and work better together as a team when their leader trusts them. Mutual trust is the foundation for a healthy culture for the entire organization.

Gaining and maintaining trust requires honesty, the integrity to do the right thing even when no one is looking, humility, compassion for others, passion and a clear basis for making decisions (here at TAMKO, we are data-driven and rely on our Deming training and Six Sigma tools). Other elements can be important to effective leadership. But – trust is the critical foundation. Without trust, leaders fail.

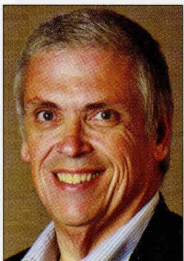
A handwritten signature in black ink, appearing to read "David". The signature is fluid and cursive, written in a professional style.

David C. Humphreys
President and CEO

Leadership and trust: An interview with David Humphreys

David Humphreys (David_Humphreys@tamko.com) is President and CEO of TAMKO Building Products, Inc. in Joplin, MO. He was interviewed in January of 2017 by **Art Weiss** (art_weiss@tamko.com) Chief Compliance & Ethics Officer at TAMKO.

Organizations of all sizes and types are affected by the United States Sentencing Commission's Guidelines. The Guidelines, regulators, prosecutors, and journalists frequently throw around phrases like "tone at the top" and "integrity" as they review the culture of an organization that is the subject of either an investigation or an enforcement action. It is the leadership of an organization that is generally scrutinized; often through an assessment of the tone at the top. This follows the thinking that employees look to their leaders as persons after whom they should model their own behavior.



Weiss

Do good leaders make for a good culture? How do those at the top view themselves as leaders? What do they think makes a good leader? SCCE Board Treasurer and Compliance Academy faculty member Art Weiss asked his CEO, David Humphreys, for his thoughts on leadership.

Art: What does it take to be a good leader?

David: Of course, there are basic skills such as a CFO being able to read a financial

statement or an attorney having legal knowledge in areas affecting a client organization, but skills don't necessarily make someone a good leader.

What makes someone a good leader? I've asked this question of TAMKO leaders as well as student groups at a law school and university honors program. Regardless of the audience, their answers uniformly include: being open to different ideas, dedication, charisma, honesty, integrity, a good work ethic, vision, communication skills, and humility.

Charisma is an interesting answer. There have been some very charismatic leaders who have led their organizations into trouble (think, Jim Jones at Jonestown or Ken Lay at Enron). And there have been humble or even shy leaders who have quietly led their organizations to great success. Whether you are leading a business or coaching an athletic team, regardless of the activity, I firmly believe that trust is *the key* to being a good and effective leader. Employees in any organization need to trust their leaders. Equally important however, leaders must trust their employees. This reciprocal element of

trust is fundamental to successful leadership. Without trust, it just doesn't work. Leaders must communicate trust in all they say and do, to their teams; and not just through the leader's words, but actions and by example. If you say one thing but do another, you will undermine trust at a minimum and maybe lose it forever. Trust often takes a long time to gain, but is lost in the blink of an eye and difficult—if not impossible—to regain.



Art: Have you worked for leaders who have failed in this regard?

David: Sure, many of us have. I remember one fellow who told me, "If this happens with a customer, then do this." I was instructed how to react in a certain situation. So when the situation took place, I did exactly what my boss told me. The customer was very upset with my response—the very response I had been instructed to make. He called my boss about me. When my boss asked me what I had done, I told him that I had done exactly what he had told me to do. My boss said: "What did you do that for?"

The next time my boss told me what to do, I listened but had no reason to trust him anymore. He had lost my trust by throwing me under the bus to avoid criticism rather

than stepping up and taking responsibility himself. Now I had to evaluate how to protect myself in the event he tried to blame me the next time. Going forward, not only had he undermined my trust in him, but also my work ethic.

I had another boss who was a Machiavellian master who enjoyed creating chaos and distrust to benefit himself at the expense of others. He enjoyed watching

people scramble more than he enjoyed leading. I came to an understanding of his use of what I call "diplomatic speech." He would carefully choose his words and tone to communicate in a language that was subject to more than one interpretation. In effect, he always left himself plausible deniability for what he said—leaving the

listener (often me) at the risk of relying on his arguably uncertain terms. Soon I learned that I could not trust him unless I came into every conversation on the defensive and with care not to allow ambiguity or any element of miscommunication, particularly when it was possible I was being set up to take the fall for him. If you can't trust the people you work for, you must work in a defensive posture. You learn how to duck. You have to learn to listen very carefully to try to figure out what the agenda is. When you are in that mode, you can't act freely. And it takes more time to get things done when you are worrying about avoiding landmines.

A leader who says one thing and does another loses employee trust. People may still work for you, but they will act very cautiously.

They don't know where they stand. No one knows what the rules are or what to do next.

Trust works in the other direction too. As a good leader, you need to trust the people who work for you. You need to communicate that you trust them and trust their judgment. You need to let them know you trust them to tell you the truth. You can't sit there all day long asking, "What are you doing? Did you do what I said? Let me check your work." Leaders should ask themselves what they might be doing that undermines trust. Again, it takes a lifetime to build a reputation of trust and a second to lose it. A leader should be careful not to make people feel that you're going to say one thing and do another or, just as bad, make them feel that they aren't worthy of trust.



thing? If you get too much change at the store cash register or something extra in the bag you didn't pay for, do you take it back to the cashier and tell them? Our compliance program focuses on integrity. We define integrity as doing the right thing even when no one is looking.

Art: Trust, I assume, requires honesty. How does honesty affect leadership?

David: Honesty does affect a leader's ability to lead. And it often takes courage to be honest in a difficult situation, particularly when it involves "owning up" or delivering unpleasant news. Yet, honesty is critical in a leader. If you're not honest, people will find out pretty quickly. If you aren't honest, no one will deal with you. If you do something dishonest, you'll lose trust immediately.

Art: Can you address some of the other traits of a good leader?

David: Integrity is key to creating an atmosphere of trust. Do you do the right

At TAMKO we also use a football metaphor that has become part of our culture. When we talk about how we should behave, we talk about operating "between the hash marks." In football, the hash marks are in the center of the field where the lights are the brightest. They are significantly inside the boundaries. We like to keep our conduct between the hash marks. Sometimes boundaries aren't clear. They change when new laws or regulations are passed. We don't want to step outside those boundaries. In business, like in football, the safest place to be is far from the out-of-bounds lines. But in business, unlike football, sometimes the boundaries change—and sometimes they

change retroactively. They may be interpreted differently by different enforcement agencies, elected officials, and the courts. If you step out of bounds, people will know. If you damage your integrity, you damage trust with employees, customers, and suppliers. Leaders should set the example from the top. Play in the center of the field where it is clear that you are in compliance if a boundary changes or an aggressive official (i.e., a government regulator or enforcement agency) attempts to call you out.

And let's not forget that humility is also important to developing trust. If, as a leader, you don't show humility, you will fail. You may be in charge, but no one will follow you very long if they figure out it's all about you. If you are humble, people may be more likely to trust you if you're not always trying to show how smart you are.

Humility also teaches you to recognize that a good leader must surround himself/herself with people who are smarter. If you don't, then your team is weak and filled with people upon whom you cannot really rely.

Humility also includes compassion for others. You are going to encounter situations where people on your team have things go wrong for no apparent reason. They make a mistake at work. They have a problem at home. They're going to go through some of the same things that you go through. We aren't talking about being compassionate about a member of your leadership team who gets arrested for shoplifting. No one's going to trust him again. But maybe someone lost a parent or a child. Maybe their house burned

down or was blown away in a tornado. You need to put yourself in their shoes and think what that would mean to you. This holds true at work. Most people are trying to do their best. Mistakes will be made. They happen all the time. Sometimes they are severe, sometimes not. But you have to look at why they happened. Is it the person's fault, or is the process designed to fail? I've seen where the budget was such that a profitable manufacturing plant was pretty much impossible to achieve. It was certain that the manager would fail, because someone else set the budget to create failure in order to swoop in himself and take credit for saving the place.



Art: How can a leader inspire trust?

David: One way is to make non-arbitrary decisions. Your team needs to see you making predictable decisions, so they can understand your rationale and then have a basis to trust you. I make sure our employees understand how we operate. We also use a lot of data. For 35 years, we've focused on Deming's continuous quality improvement and, more recently, on Six Sigma data-driven

decision-making. Everyone knows that. Everyone understands our decisions are based on data. Everyone understands what's required of them.

From my point of view, the things that inspire trust are honesty, integrity, humility, compassion, and predictable decision-making. These things allow people to understand where you come from and your passion to achieve your mission.

Art: Can you share how you develop future leaders at TAMKO?

David: Part of it is the hiring process. Part is leadership development. We hire on purpose for leadership positions. We've had great success hiring ex-military people. They work hard, they're smart, and they've got good solid values. I give presentations on Free Market Principles and what that means to TAMKO. We share books. We have leadership development sessions that include our culture and our commitment to compliance. We have a saying: 100% compliance, 100% of the time, at a minimum. You give people the opportunity, and then give them the chance to succeed or fail. We start with really good people, we train them, and we share our vision with them.

Art: You've encouraged TAMKO's director of Technical Services and the director of Environmental Health and Safety to become heavily involved in industry activities, and encouraged me to become involved in activities related to the Compliance profession. How does that benefit an organization?

David: It is incumbent on any leader to recognize that he/she doesn't have all the

answers and to look outside to see what best practices might exist at other organizations, both within and outside the company's core industry. In the case of compliance, it is in our company's interest to be a part of SCCE and to be involved to find those best practices in compliance, as well as to share our views with others.

Part of it is the hiring process. Part is leadership development. We hire on purpose for leadership positions.

Art: If you were asked to give advice to other CEOs and compliance professionals, what would you identify as key attributes of an effective compliance program and an effective compliance officer?

David: The same attributes that I believe make for good leaders also are key to an effective compliance program and compliance officers. In addition, vigilance is required to verify compliance. Trust is key, but in the world of compliance, verification is necessary to validate that what we trust is being done has, in fact, been done correctly.

Art: What are the attributes of an effective relationship between the compliance officer and the CEO?

David: Mutual respect and a shared vision. In our case, a shared vision that people are basically good and trustworthy, rather than a Hobbesian view of nasty and brutish. Yet failure (whether due to innocent mistake or not) is not an option, so oversight, redundant compliance processes, and metrics are a must. We trust, but given the potential costs of failure, we verify.

Art: Thank you for your time and for sharing your thoughts on leadership and trust. *