

LEADERSHIP - HOW CATHOLICS CAN BE SUCCESSFUL LEADERS IN BUSINESS AND TAX-EXEMPT ORGANIZATIONS

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Abstract

It is the thesis of this paper that leaders can install management practices that will ensure an enduring institution that reflects the best in Catholic social tradition and Catholic social teaching. An organization in which a leader installs those various management systems and practices is one that is likely to endure and create conditions for success in the marketplace whether it's a business entity or a non-profit.

The underlying and operative thinking is based on John Paul II's groundbreaking encyclical *Centesimus annus* that it is the dignity of human beings realized in community with others that should be the criterion to define all aspects of economic life.

Therefore, a leader's goal will be to create a community dedicated to the common good of the individuals associated with that community.

I. Introduction

Catholic Knights is a Catholic member organization. In the last 24 years, its membership has grown to 85,000 members. It offers a variety of financial products to its members. During this 24-year period, it has added \$2.3 billion in life insurance; \$650 million in assets; \$340 million in fixed annuities and \$60 million to its Catholic Equity Fund. Its total revenues range between \$90 to \$100 million each year. Its total surplus stands at \$57 million, which gives it an enviable solvency ratio in the life insurance industry. Each year Catholic Knights generates profits from its financial operations.

But this is not the real success story that will be told here. Rather, it is my thesis that the true greatness of Catholic Knights is that it has evolved over the last 24 years to achieve the status of a "good company" as defined by the tradition of Catholic social teaching of our faith.

What does Catholic Knights do to achieve that distinction? The answer is quite simple. We practice our Catholic faith and adhere to its core values.

It starts with the recognition that every human being is created in the image and likeness of God so they are entitled to be treated with dignity and justice. In creating a work environment at Catholic Knights, this has been our core value. From this flows our commitment to follow the instructions of John Paul II to ensure that everyone at Catholic Knights feels they were made by their Creator to work in community and cooperate freely with other persons for the sake of other persons.¹

The results are evident for the world to see. The objective facts bear witness to Catholic Knights' claim that it has and should be measured by our Catholic values as a "good company."

We have a favorite saying at Catholic Knights—"In God we trust, everyone else get the facts." The facts are as follows:

1. Our community outreach program called the Match Fund Program has grown from almost nothing in 1985 to now raising over \$2 million per year for those in our community who are in need, whether they are disabled, suffering in poverty or have disadvantages. We also raise that money to help our Catholic churches and schools. This is done through the voluntary efforts of our dedicated Branch Officers and members.

In addition, the employees of Catholic Knights actively participate in volunteer opportunities presented by the Branches, such as the Join Hands Day event, helping communities in need and Habitat for Humanity building of homes for those who need shelter. The home office continually sponsors collections of canned goods for the local food pantry. Also, the employees of Catholic Knights participate on an ongoing basis in the various Branch activities by the local Branches of Catholic Knights.

2. Catholic Knights has been recognized by an outside evaluator as one of the best places for employees to work, for an organization of our size, in the city of Milwaukee, Wisconsin.

Because of Catholic Knights' reputation and our Catholic commitment to treating employees with dignity, it helped to bring about a merger with another fraternal, Catholic Knights of America. Their employees and members were treated with dignity and respect and graded their treatment by Catholic Knights as "outstanding." In turn, this has presented Catholic Knights with other opportunities for additional mergers.

3. In 2005, the Better Business Bureau (a nationally-recognized consumer organization) chose to bestow its Torch Award for Business Ethics & Integrity on Catholic Knights.

4. Catholic Knights membership loyalty stands at an enviable 97%. This achievement exceeds most fraternal and virtually all commercial companies who rate customer loyalty.

5. The voluntary employee turnover at Catholic Knights stands as one of the lowest for the fraternal and commercial industry. In addition, we have one of the longest-serving management team for any organization of our size.

6. Our customer satisfaction surveys continue to rank Catholic Knights well above average. These measures are done by outside rating services.

7. One of the great differences in Catholic Knights is that we have an on-site Chapel. This is available for small services and private meditation and prayer. The Chapel was financed almost exclusively by donations from the members of our organization and our employees.

8. Catholic Knights introduced The Catholic Equity Fund to bring our Catholic voice to the boardrooms of America. This has meant using some of the bottom line profits of Catholic Knights to fight for the Catholic values that we all share. In other words, as a Catholic organization, we just don't talk about our values; we put our money and resources behind this fight.

As a result, Catholic Knights has received national recognition from nationwide media for our courageous Catholic advocacy. This has included:

1. That human life deserves protection from the moment of conception.
2. That it is wrong to employ women and children as virtual slave laborers in U.S. companies that operate in Third World countries.
3. That all employees should be afforded safe, sanitary and human working conditions and should be provided with a living wage.
4. That pay plans that overpay and unjustly enrich executives at the expense of lower level employees are wrong.

This paper will address how Catholic Knights achieves these results by following core Catholic values. I will outline the management practices that have been adopted to create an environment driven by our Catholic values.

Most importantly, it will focus on the role of the leader, who has the responsibility to ensure that Catholic values are implemented within the organization through its management practices. I will define those specific management practices.

I submit that Catholic Knights adheres to the guidelines created by the U.S. Catholic Bishops who, following the guidelines set forth by Pope John Paul II in his groundbreaking encyclical *Centesimus annus*, which made clear that it is the dignity of human persons realized in community with others that is the criterion against which all aspects of economic life must be measured. In other words, it is not for profit alone that businesses exist and by which they should be judged. Rather, they exist to meet the demands of human dignity of employees living within that community,² and they should be judged by that measure.

II. Practical Application – Catholic Knights a Case Study in our Management Practices

Catholic Knights represents an excellent case study. The management philosophy implemented at Catholic Knights reflects the Catholic social teaching tradition as outlined in this paper.

Obviously, good management practices do not necessarily result in market share or revenue growth. In the mutual fund industry, the Vice Fund, which selectively invests in sin stocks such as gambling, tobacco and military-related companies, has performed quite well from a financial standpoint. Management practices do not guarantee success in the marketplace.

However, Catholic social teaching requires that these values be adhered to whether a company is selling umbrellas in the rain or not. In this respect, Catholic Knights ranks very high. In fact, the adherence to our core Catholic values has been even more valuable in times of crisis when the organization must rely on the strength of all of its employees to survive any threats to its existence.

Following are a list of ways Catholic Knights has implemented the Catholic social traditions and put in place processes and systems that ensure adherence to our Catholic values.

1. **The Board of Directors.** The Board of Directors is viewed as the conscience of the corporation. In this respect, Catholic Knights is unique. Board committees meet with management without the President in the room. This has been going on long before federal regulations in the United States suggested that this might be a best practice for management. Issues are debated at the Board level, and there is always a drive to achieve a consensus and a unanimous vote. Issues should be vetted, but if Board members have serious reservations then it's back to the drawing board. Most often, in the vast majority of cases, we reach consensus and have unanimous votes on all management initiatives including our vision and goals annually.

At each meeting, a major issue is selected for debate where all Board members can participate. Most importantly, Catholic Knights has recently introduced a discussion of Catholic social teaching as part of its regular Board agenda. Having Archbishop Timothy Dolan on the Board, who is conversant in Catholic social teaching, has been a great help in facilitating this discussion.

2. **Feedback.** Most employees/customers are unwilling to visit the CEO and share their concerns and problems. Open door policies are a sham—most people do not have the internal desire to confront leaders in a corporation nor the opportunity.

Therefore, Catholic Knights has instituted a systematic process whereby all of us in the organization can be heard and concerns publicly known. Catholic Knights has introduced a series of “Roundtables” known as groups that publicly surface issues of concern. They are the:

- (a) Associates Roundtable, which represents the concerns of the employees and meets quarterly.
- (b) Knights Roundtable, which represents the concerns of the Financial Services Representatives of Catholic Knights and meets three times a year.
- (c) Branch Officers Roundtable, which represents the various volunteer Branches of Catholic Knights, a fraternal organization, and meets three times a year and the minutes are published.
- (d) Leaders Roundtable, which is composed of top management and achieves strategic plans through consensus and the use of a facilitator that is not the CEO.

There needs to be periodic anonymous upward evaluations performed by outsiders of the leadership of the organization, including the President. The results of those anonymous evaluations should be shared confidentially, behind closed doors, with the executive so they can address the concerns.

We also conduct a confidential exit interview with each employee to determine if there is anything Catholic Knights could be doing better. We implement concerns addressed during those exit interviews.

3. Compensation. The use of outside services is used to create market-driven compensation. All employees are targeted to be at or slightly below the market studies. The gap is addressed by adding a layer of gainsharing, which shares the financial results of the organization with all levels of employees and not just top management. The goal of this system is to reduce management's role in setting compensation so people are free to honestly do their jobs and address concerns of customers. By avoiding individual targeted bonuses as much as possible, Catholic Knights creates a team environment consistent with Pope John Paul II's emphasis on the workplace as community.

In this respect, performance reviews and merit systems do not exist at Catholic Knights. Performance feedback is continuous. A merit system drives out quality as people are more concerned with pleasing the boss than customers.³ The President's compensation is kept at a ratio that meets Catholic concerns about economic justice in the workplace. The ratio between the President of Catholic Knights and the average employee is well below 10 to 1. This is in dramatic contrast to what we see in corporate America today where the average is somewhere around 350 to 1.

4. Decision Making. Catholic social tradition calls for a commitment to subsidiarity. The principle of subsidiarity was first mentioned explicitly in Pope Pius XI encyclical *Quadragesimo anno* and then developed by Pope John Paul XXIII in both *Mater et Magistra* and *Pacem in Terris* and recently reaffirmed by Pope John Paul II in *Centesimus annus*.⁴

Quite simply, it means that power should be given to individuals in a community to exercise responsibility within their talent level.

The best way to achieve this is through a parallel organizational structure, which Catholic Knights has implemented. The majority of work performed on new projects and innovation is done through cross-departmental task forces, committee structures and other ways of achieving consensus on major initiatives of the organization. The planning process is built and structured to unify the organization to achieve critical goals while giving each employee maximum opportunity to use their own God-given talents.

5. Hiring. Hiring is not looked at as the sole prerogative of a supervisor or top management. Virtually everybody gets involved in the hiring process who will work with the candidate. There is relentless focus on hiring talent and since Catholic Knights has become a community, as a result, our employees are very reluctant to invite new employees into that community unless they have been interviewed at all levels of the organization.

6. Terminations. This is an inevitable fact of life in any organization. At the core of Catholic social teaching is respect for the dignity of the individual. Catholic Knights' terminated employees are given adequate notice and warnings well in advance. If terminated, they are given

financial assistance to transition to a new career as well as outplacement service to help them along that road. Most former employees of Catholic Knights end up at or above the salary levels they were receiving when they were involuntarily terminated.

7. **Recognition.** Positive feedback is critical in the Catholic Knights environment. Catholic Knights has long since eliminated the “employee of the month or year” award because it is perceived as unfair as there is no systematic way of selecting those individuals. Instead, public recognition occurs in the form of celebrations for the success of various task forces or teams in achieving goals. Organization-wide, there are at least two or three social get-togethers a year after employees receive honest and public feedback about the success or lack of success in various strategic initiatives of the Society.

The heart and soul of the recognition system is to honor those employees on critical anniversary dates, i.e., 10, 15, 20, 25, etc., years. Everyone gets their moment in the sun and their immediate supervisors publicly recognize their contributions to the organization.

Over the years, we have also introduced anniversary cards in which the immediate supervisor, and even the President, can pen personal thoughts and reflections about the accomplishments of the associates. This requires every supervisor to truly reflect and appreciate those who make the success of Catholic Knights possible.

8. **Status Symbols.** There are no definable perks to being in management at Catholic Knights. All new employee parking spots are done in rotation based upon seniority. There is no executive dining room or private country clubs. There are private offices for those associates who require confidential work. There are bi-monthly lunches sponsored by Catholic Knights so employees can get together as a community. Catholic Knights recognizes that the dignity of human beings is best recognized in community.

The President has made clear that someday, should he get to heaven, he may have to report to his subordinates and he always keeps this in mind in how he treats people. This value is transparent and alive at Catholic Knights.

9. **Benefits Program.** Catholic Knights has created a benefits program that is sensitive to the key Catholic core value of the dignity of the individual. There are no set sick days. Rather, employees are given paid time off. This provides a significant amount of time for everything from vacation to family emergencies and sick days. Our philosophy is not to spy on employees, but to say that if you are sick, stay home. If you are not sick, come to work. This is a system based on trust. Catholic Knights has a generous maternity plan that offers up to 12 weeks of paid time off for the purpose of child bonding, which is offered to female and male employees.

III. The Role of the Leader in Creating a Community

Pope John Paul II, speaking to Peruvian business people, reminded them that social teaching of the Church implores them to see their “. . . enterprises as a social function. They must not conceive them as only instruments of production and profit, but also as a community of persons.”⁵

One needs to compare the pronouncements of Pope John Paul II with leading thinkers. The economist Milton Friedman said, “The purpose of a business is to maximize profit.”⁶ This is known as the financial theory of business and it can’t be squared with what Pope John Paul II is saying. He sees a deeper and broader purpose as to why business exists.

More consistent with Pope John Paul’s thinking is that of Peter Drucker, one of America’s greatest business thinkers, who had a definition of the purpose of business, “There is only one valid definition of a business: to create a customer.”⁷

A customer is somebody, a person or institution who comes back for more, that is, someone with whom the business seeks to enter into an ongoing relationship. Creating customers and keeping their loyalty is the purpose of business and it, in turn, results in profits for that business.

The underlying theory of creating a community within the context of a corporation is that it structures the organization in such a way that the key constituency, such as employees and all those associated with the corporation, would be geared towards creating and keeping customers. In this sense, Peter Drucker lines up on the side of Pope John Paul II.

Basically, the employees who feel a part of a community, who feel the respect and dignity accorded to them as creatures of God, will pay more attention to customers and feel more inspired to link what they do to the success of the business. Ironically, if you ask most business leaders, who is their first constituency when trying to run a successful business, they will answer stockholders, customers, the Board of Directors, and employees as an afterthought. These answers are supported by the unassailable logic that it takes customers to buy products that then create profit for a business to function. Likewise, stockholders provide needed capital, and their demand for a return for their investment risk is apparent.

Professor Michael Naughton, who is head of the Ryan Institute at St. Thomas University in St. Paul, Minnesota, and Helen Alford argued in their book *Managing as if Faith Mattered*: “. . . that a business activity should never be considered solely in terms of narrow, technical criteria, but rather should always be evaluated comprehensively as human action, and with regard to the effects on the people who are the employees, suppliers, customers, shareholders, and so on.”⁸

Suffice it to say that this is a radical departure from the prevalent thinking of American business leadership.

Once an enterprise is so large that it involves managing others, then the primary focus must be on those who work in the enterprise. Why?

Let’s employ the simple concept of leverage. How many customers can any business leader serve working by himself?—very few. ALL business leaders are compelled to rely on others in the enterprise to successfully serve customers. Most customers will never see the CEO or even know his or her name. They will meet the retail clerk, the phone operator, or the salesperson. To customers, *the employee is the corporation*. (For many large corporations, the customer is an internal employee or another department, but the same logic applies here as well.)

If employees, wherever they are located in the production and sales process, do not care to serve the customer, take pride in their work, or develop the needed skills to perform the services required, they doom the business enterprise to failure in its effort to produce quality products or perform quality service.

A business leader, to put it bluntly, is lost without a loyal, competent and dedicated workforce. The employee must, therefore, be that leader's number one concern if the business is to succeed. They are his most critical constituency—before customers, before his Board, and before his stockholders.

A leading American economist, Lester Thurow (1992), makes a similar point in describing the new communitarian form of capitalism. The employee is the prime stakeholder, with customers as number two and stockholders a distant third.

Lest we think that employee happiness is too radical a notion, let's remember that Thomas Jefferson enshrined this fundamental belief into the U.S. system of government when he wrote in the Declaration of Independence: "We hold these truths to be self-evident that all men are created equal, that they are endowed by their creator with certain unalienable rights, that among these are life, liberty and the pursuit of happiness."

Does it make any sense for our business leaders to manage their business enterprises in a fashion that undercuts the fundamental political guarantees so embedded in our form of government?

Now the question is how does a leader create a community which sees getting the loyalty of employees as the primary target and responsibility of the leader? The devil is in the details! I would like to set forth examples of just the kinds of management practices that will create a community and get the loyalty of employees.

(a) Leadership—Defining the Vision. The American standard method is that leaders define a vision of an organization and employees follow the leader. The world abounds with gifted visionary leaders such as Bill Gates of Microsoft or Steve Jobs of Apple Computer. Genius will usually win out.

However, for the vast majority of corporate entities, profit or non-profit, there is a better paradigm for defining the vision of an organization and what it hopes to accomplish. "The American myth is the portrait of the rugged individual: American reality is neighbors spontaneously pitch in to help one another in times of trouble. We do not really believe in self-reliance as much as we believe in mutual support."⁹

In fact, it is creating a community that is critical to leadership success as well as implementing the vision. Robert Greenleaf has written extensively on the concept of servant leader. It is my position that servant leader is best defined as a leader who has the humility to work with the people he has hired to define the vision and goal of an organization. This, in turn, helps create unity of purpose and allows a community to flourish.

This is consistent with the Catholic social tradition. Pope John Paul II insisted that businesses need to be characterized by solidarity—by a firm commitment to the common good. This can't happen if only the leader is defining that vision. He becomes a servant of the people he has hired to determine the real quest of the organization.

(b) What are the Requirements to Succeed as a Catholic Leader? What Management Practices are Basic to Success? It is the role of leaders to design their organizations so that employees can be challenged, gain control of their work and take ownership of it. This is consistent with the Catholic tradition of subsidiarity.¹⁰ It is based on respect for the dignity of each and every individual in a corporate entity. Therefore, the design of the workplace should promote employee self-esteem and self-respect.

Currently, employees view leaders as figures who control their lives, determine compensation, and administer punishment and rewards—much like a parent. Consequently, although it is a challenge, an innovative leader must reverse this paradigm.

The goal of leadership is to serve others.¹¹ This is consistent with the underlying assumption that leaders do not motivate, rather, they help create the conditions that allow intrinsically motivated employees to succeed.

The business leader might take a lesson from the political arena. If a business leader acted as though he or she were seeking elective office with their workforce as the electorate, then paradigms for correct action would change quickly.

This is not so far-fetched. If a business leader wants a highly dedicated, loyal and productive workforce, then he is running for office. Employees vote every day with their hearts and with their work efforts—as though they were in a voting booth. A leader who correctly perceives that his/her power comes from his/her employees, will implement the cultural changes necessary to ensure that employees feel empowered.

How can a leader bring about the needed cultural changes and this new form of leadership? Let's begin with what must go. A leader must eliminate fear in the workplace and all symbols that denote lack of trust. What are they? Catholic Knights relied on the thinking of the great American management expert Dr. Deming in implementing many of these practices.

Time clocks must go—they are a humiliating experience in non-trust. The merit system must go. A pay system that ranks people and makes them feel inferior is not consistent with what employees want in order to succeed. Get rid of video cameras that spy and statistical reports that track the number of transactions conducted with the purpose of confronting nonperforming employees. No employee should ever be publicly humiliated. Most symbols that denote status must be dramatically reduced. These can include exclusive parking spaces, executive dining rooms and a myriad of other symbols.

It is equally important for leaders to create policies and procedures that reinforce the notion that employees have power and are free to pursue intrinsically motivated goals. The following list suggests only a few.

1. The compensation system should be driven by the market value of employees, not the leader's arbitrary assessment of employee performance. Compensation then ceases to be solely an extrinsic motivator. Why? Because wages are no longer viewed as a report card. Salary is paid to recognize the objective worth of the individual employee. It is a leader's way of providing ongoing positive feedback about an employee's contribution; it is *not* an ongoing judgment process. Such a compensation system enhances an employee's feeling of self-worth.
2. Eliminate the annual performance review. It instills fear and humiliates people. Substitute real leadership. Feedback should be continuous. Do parents set up annual reviews of their children's performance?
3. Initiate an anonymous upward evaluation process so employees can honestly relate their leaders' strengths and weaknesses.
4. Institute forums from all sectors of the organization that give feedback to the leadership about problems—whatever the source. These groups should meet regularly, and minutes of their proceedings should be published for everyone to see.
5. Eliminate the open door policy. This is a sham in most companies. Most employees will not wander over to the President's office to unload their problems. Substitute an anonymous question box instead. Start an employee forum that raises tough issues publicly. The leader will learn a lot more and should respond confidentially within a day or two.
6. Institute training of employees that is serious and never-ending. It shows you value their talents enough to fine-tune their skills. Training should not only cover job skills, but also those skills needed to empower employees to change work processes. These include training in conflict resolution, listening and creative thinking. Try initiating book clubs to help employees to read reflectively and develop critical thinking.
7. Share the financial results of the organization's success with employees through a gainsharing plan. The employee's contribution to this plan should be publicly identified and monitored so they can feel they earned the payoff.
8. Leaders should learn how to conduct nonpolitical, meaningful meetings. This goes beyond just learning how to facilitate or brainstorm. It means leaders need to study how to listen. Letting others facilitate while the leader listens sends dramatic signals about the role of a leader as a coach rather than dictator.
9. Quality decision-making tools should be used throughout the organization. This means everybody should understand how to do a cause-and effect diagram, a Pareto chart, a tree diagram, a responsibility matrix, the affinity principle, etc. These tools ensure nonpolitical, sensible decisions that contribute to quality and do not end with results that are merely in accordance with a leader's desires.

10. The organization itself should be structured both along the lines of vertical alignment (traditional departments) and cross-functional management systems. This means the creation of interdepartmental task forces and units that cut across all traditional departmental lines. This ensures the cohesive bringing together of all relevant employees who can have influence on critical decisions.

11. Recognition should be in the form of congratulatory memos, celebrations for the results of task work performance, and for anniversaries. The organization needs to get away from selecting the employee of the year or quarter because this is often seen as unfair, creating more losers than winners.

12. The voice of the customer becomes critical to give employees feedback which they can use to improve the processes that serve customers. It is never used to transfer negative information or impose guilt on employees; rather, it is a source of information and feedback so that they can improve. Problem identification is continually viewed as an opportunity for improvement. The Japanese have captured this best in their management technique known as Kaizen.

(c) Motivation. Motivation is something that all leaders focus on. Do employees respond and perform better because of the external rewards and/or threats? Or do employees derive most of their motivation from the internal pride they want to do in accomplishing and performing their jobs well.

It is implicit, in the Catholic social tradition that employees, by and large, are internally motivated. Leading authors have agreed and studies have proven this to be correct.¹²

What the leader chooses to do must be done with the key goal of improving or building upon an internally and intrinsically motivated workforce.

The question can now be fairly asked: What are the differences between an organization that is built upon a model of intrinsic motivation by employees versus one of extrinsic motivation?

The leader's work will be dramatically different. It will consist of less busy work and, hence, be less stressful. The leader in this type of organization should be free to do his or her real work.

Table I summarizes a comparison between the work of leaders in a traditional model versus one built upon extrinsic motivation compared to one where employees are assumed to intrinsically motivated. The various management practices implement between the two models are dramatically different and need to be studied and implemented carefully.

Table I. Extrinsic vs. Intrinsic Motivation¹³

If Employees Are Assumed to Be Extrinsically Motivated	If Employees Are Assumed to Be Intrinsically Motivated
Salary—merit system calling for subjective evaluation	Salary determined by market worth—more objective

If Employees Are Assumed to Be Extrinsically Motivated	If Employees Are Assumed to Be Intrinsically Motivated
Performance reviews are critical—the “report card”	No performance reviews—feedback is ongoing
Perks very critical—special parking spots, dining rooms needed to demonstrate status	None
Individual recognition including creating “winners,” employee of the month, year, etc. very important	Private appreciation, public recognition limited to seniority
Fear is important motivator	Fear should be reduced
Meetings run by leaders who cheerlead or intimidate employees into agreeing	Leader in background, others facilitate
Span of control and organizational charts to support it very critical	Parallel structures such as task forces cutting across departmental lines achieve most new initiatives
Must worry about keeping many things confidential	Open sharing of information
Deny mistakes, cover up of mistakes take effort	Honesty in admitting mistakes; problems are viewed as opportunities to learn
Hierarchy and watching who goes up ladder consumes lost of time	Flat organization with jobs expanded to meet demands of business
Pressure to come up with new ideas, directions	Employees constantly seeking ways to improve
Systems to monitor employees critical—time clocks, video cameras, statistics on production speed	Almost nonexistent; trust is important
Hires lots of supervisors	Very few supervisors
Pressure to give correct orders and make key decisions	Trust in subordinate’s to help drive decisions
Lots of time spent worrying about how to	Delegates power and control

If Employees Are Assumed to Be Extrinsically Motivated	If Employees Are Assumed to Be Intrinsically Motivated
<p>motivate employees</p> <p>Must work 50, 60, 70, 80 hour weeks to handle all the pressures of constant decision-making</p> <p>Bonus plan rewarding individual effort take lots of time (subjectivity is a power trip, but exhausting)</p> <p>Make so much money that they endure stress of having to manage it and worry about justifying it to their employees, Board, stockholders, etc.</p> <p>One-on-one meetings frequently confrontational</p> <p>Gives lots of orders</p> <p>Training and education provided only if budget permits it</p>	<p>Spends time reflecting, reading, thinking</p> <p>Gainsharing which divides dollars based on teamwork much easier to administer (objective system)</p> <p>Pay not excessive and is consistent with the notion that all employees are critical to the success of the company</p> <p>Most one-on-one meetings involving lots of listening and true two-way dialogues</p> <p>Coaches when needed</p> <p>Here the leader spends more time as training and education is an obsession</p>

Let's reflect now on the hypothetical example of the employee whom we want to serve the best interest of the customer. Would you have to train an employee, who feels very good about their organization and is loyal to it, to smile for customers? Would not an employee intrinsically motivated to do well want to please customers so as to succeed at his or her own job? Does not anyone, who takes pride in their work and wants to succeed, take the necessary steps to keep customer loyalty? Just think how much easier it is to train employees who are loyal and care about an organization. A leader who focuses primarily on his own workforce and helps create the conditions for them to succeed will have a lot less to do in terms of positioning that workforce to address customers' needs—which is, after all, the key to the survival of any business.

Conclusion

The Catholic social tradition has been set forth very clearly by the Pontifical Council for Justice and Peace in its work *Compendium of the Social Doctrine of the Church*. Underlying so much of the philosophy of Catholic social teaching is that man is made in the image of God.

The management practices outlined in this paper as well as the responsibility of the leadership can be located in this “Compendium.” Everything from what constitutes just wages to our fight to respect the dignity of each individual.

No better summary of how Catholic Knights reflects the best in Catholic social teaching is contained in the section on “Business and its goals” in this “Compendium.” I quote: “The social doctrine of the Church recognizes the proper role of profit as the first indicator that a business is functioning well: ‘when a firm makes a profit, this means that productive factors have been properly employed.’ But this does not cloud her awareness of the fact that business may show a profit while not properly serving society. For example, ‘it is possible for the financial accounts to be in order, and yet for the people—who make up the firm’s most valuable assets—to be humiliated and their dignity offended.’”¹⁴

Catholic Knights adheres to this insight in all of its management practices and requires of all its leaders to implement this philosophy and guide on a daily basis. It is also a guide to our public advocacy role on economic justice in the workplace and it frames, at least in part, what the Society does to help those in need. It is driven by our recognition that it is our responsibility to help in implementing God’s plan for creation.

Archbishop Dolan has given me great advice in reviewing this paper.

NOTES

1. Michael Nowak, *Business as a Calling*, p. 127
2. U.S. Conference of Bishops, *Economic Justice for All*, ¶28
3. Dr. Deming, *Out of Crisis*, p. 101
4. Dennis McCann, *Business Corporations and the Purpose of Subsidiarity*, p. 172, and from S.R. Cortright and Michael Naughton, *Rethinking the Purpose of Business*
5. S.R. Cortright and Michael Naughton, *Rethinking the Purpose of Business*, p. 11
6. Dennis McCann, p. 182
7. Peter Drucker, *The Practice of Management*, p. 37
8. Helen Alford and Michael Naughton, *Managing as if Faith Mattered*, p. 79
9. Catholic Theologian, Robert Kennedy, *Rethinking the Purpose of Business*, p. 54
10. Dennis McCann, p. 173
11. Max DuPree (1989), *The Art of Leadership*, former CEO of Herman Miller, argues that the leader must function as a servant.
12. Dr. Csikszentmihalyi, *Flow: The Psychology of Optimal Experience*, and Alfie Kohn, *Punished by Rewards*
13. Daniel J. Steininger, *Why Quality Initiatives are Failing and the Need to Address the Foundation of Human Motivation*, “University of Michigan Human Resource Management,” p. 613.
14. *Compendium of the Social Doctrine of the Church*