

Leadership in Practice



A report prepared for
Ameritrust Equity Services
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Leadership in Practice: Ameritrust Equity Services

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Data Source: Interview with John Owens, founder and CEO, Ameritrust
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Purpose: Using a semi-structured interview, we investigated leadership within Ameritrust, a residential mortgage company headquartered in Charlotte, N.C. We explored Ameritrust's leadership culture, including thoughts, feelings, and beliefs about leadership that are shared by members of the organization. In addition, we examined Ameritrust's strategies with regard to leadership training and development. Finally, we sought to analyze the ways in which leadership strategies and practices employed at Ameritrust align with current leadership research.

Leadership at Ameritrust: Leadership philosophy and practice at Ameritrust stems directly from the organization's emphasis on its culture, defined as its shared beliefs. Top management has carefully crafted and communicated this culture among employees. At the heart of Ameritrust's culture are its core values: customer obsession, high trust, integrity, passion, and personal growth. Thus, continually defining, communicating, and promoting these core values is a key part of leadership at Ameritrust.

Additionally, authenticity and perception management are crucial elements of leadership at Ameritrust. Leaders must be intentional and genuine in their approach toward others, and they must be aware of how others may perceive them. In this way, they act as role models who show employees how to enact the organization's core values and what it means to be a part of the Ameritrust team.

This report expands on the findings summarized above and provides additional insight regarding how leadership at Ameritrust compares with some current leadership theories. Finally, we provide an analysis of Ameritrust's leadership practices in terms of their practical implications.

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Leadership is a dynamic, multi-faceted topic on which research has focused extensively. At the same time, leadership is a topic that has received great attention in the workplace. To compare these two realms—research and the workplace—we interviewed John Owens, founder and CEO of Ameritrust. The Appendix lists the interview questions.

Owens founded Ameritrust in March 1995 and has led the company since, during which time Ameritrust has expanded rapidly and enjoyed considerable success. While much of that success has been financial, Owens is most proud of the organization's culture and the positive occupational environment it has engendered. Leadership at Ameritrust, it appears from our interview, involves four primary aspects: communicating culture, practicing ethics, exercising authenticity, and managing perceptions.

Communicating Culture

Ameritrust's culture centers on its core values, and leaders within the company both safeguard and promote those values. These core values are as follows:

- Customer obsession: This means making everyone feel important, especially customers. In this sense, customers are at the top of the organizational chart and the CEO is at the bottom.
- High trust: Employees need to be able to ask people for help while having faith in their abilities and expertise.
- Integrity: This relates to being a complete person who actualizes organizational and personal values in his or her behavior.
- Passion: Regardless of the task, employees should pursue their goals with enthusiasm and commitment.
- Personal growth: All employees should set personal goals in addition to professional goals, and leaders should help them work toward these goals through mentoring relationships. This occurs formally through the development of each employee's "playbook," which outlines their personal and professional goals.

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Using these five core values, Ameritrust conceptualizes culture as displayed in Figure 1.

At Ameritrust, the goal is to maintain and promote a *communal* type of culture, which maximizes both sociability and results. Leadership plays a key role in maintaining this balance, and a communal culture at work results in both higher profits and worker satisfaction.

Owens reported that he spends much of his time (between 60 and 75%) maintaining Ameritrust’s culture. He likewise expects other leaders to set standards reflecting this cultural ideal through incorporation of the core values listed above. This is part of job performance at Ameritrust, such that it is part of its performance management process.

Sociability ↑	Networking	<i>Communal</i>
	Fragmented	Mercenary
	Results →	

Figure 1. The four quadrants of culture.

Organizational scholars have long debated what constitutes an organization’s culture, but the prevailing idea is that culture refers to the deep, underlying assumptions about norms and beliefs about what it means to be a part of the organization (Denison, 1996). This definition is consistent with what Ameritrust’s leaders appear to mean when they talk about the organization’s culture. Through interpersonal communication, mentoring sessions with the CEO, and the organization’s performance appraisal system, leaders at Ameritrust encourage employees to enact the company’s core values. In so doing, leaders communicate and reinforce the cultural aspects discussed above.

Another important part of Ameritrust’s culture appears to be its focus on personal goal setting. Goal setting theory is one of the most widely accepted theories of work motivation (Donovan, 2002), and research suggests that setting difficult, specific goals results in greater individual performance. Incorporating the core value of personal growth into its culture suggests that being a leader at Ameritrust also involves setting both personal and professional goals.

Practicing Ethics

Drive and focus are certainly key competencies for leadership, but a sense of ethics is also crucial for leaders at Ameritrust. Ethics, defined at Ameritrust as the gap between intentions and behaviors, involves leadership because leadership is the way through which that gap is closed. In other words, leadership at Ameritrust should turn one’s good intentions into right actions. Thus, leadership occurs at all levels—everyone should adhere to and promote Ameritrust’s core values.

This view of leadership as the way in which an ethical culture is maintained within an organization is consistent with some of the more recent developments in leadership and business-ethics research. For example, some researchers have claimed that a combination of authentic leadership, ethical processes, and an ethical culture are the foundation from which an ethical organizational identity develops (Verbos et al., 2007). At Ameritrust, the attention given to organizational culture by top leaders—specifically, the CEO—has reinforced practicing ethics as part of what leaders should do.

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Exercising Authenticity

Leaders at Ameritrust should display confidence, humility, and a willingness to take risks and make mistakes. More importantly, their behavior should be authentic—meaning that is intentional and genuine. Leaders should never preoccupy themselves with always being right; rather, they should realize that making mistakes is part of being human. Being authentic at Ameritrust means admitting you were wrong and learning from your mistakes while accepting criticism. It also means that leaders should engage and empower others in a way that encourages participation at all levels.

Authentic leadership is a relatively new field within management and psychology that has been gaining momentum recently. Being an authentic leader means being true to oneself, having knowledge of personal strengths and weaknesses, and being aware of one's representation given the context within which the leader is operating (Avolio & Gardner, 2005). Our interview revealed that this concept of what it means to be a leader is highly relevant to leadership within Ameritrust. Consistent with authentic leadership's positive focus, leaders at Ameritrust should speak with "power and love," caring for their direct reports while modeling and reinforcing the organization's core values.

Managing Perceptions

Realizing the importance in how others perceive you is another vital part of leadership at Ameritrust. Outward success should reflect inner substance, and leaders must realize that they are role models within the organization. This facilitates communication of Ameritrust's culture and leadership values. As such, it is important that others see them as fiscally responsible, active, strategically focused, consultative, and genuine.

Although authentic leadership deals largely with leaders developing their own self-awareness, leadership is a social activity that is also dependent upon interaction with others. Transformational leadership—the idea that leaders should motivate and inspire follower to high levels of performance through consideration for them, intellectual stimulation, and charisma (e.g., Hater & Bass, 1988; Yukl, 1999)—is highly relevant to how leaders at Ameritrust should be managing perceptions. Because it appears that Ameritrust expects its leaders to be role models of its core values, leaders must be aware of how others perceive them. As discussed in our interview, leaders at Ameritrust must first align themselves with the organization's core values (exercising authenticity) and then make sure that what they display outwardly reflects those inner beliefs.

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Ameritrust's top management has a keen sense of how important core values and organizational culture are in determining how people behave at work. As such, role modeling and communicating that culture appear to be critical parts of being a leader within the company. The dual commitment to employee well-being and profit exemplified by the CEO is unique and commendable.

Given that the company is relatively young, continues to grow, and operates within a continually evolving industry, we provide the following as points to consider as Ameritrust looks toward the future. Although we consider the following to be important, they are based upon one interview with the CEO and, therefore, more investigation would be necessary to provide more specific feedback.

- *Selection and promotion implications.* Hiring and promoting the best people within an organization has tremendous impact on the bottom line. Taking a hard look at what constitutes job performance within each job position in the company and tailoring the organization's selection processes to effectively hire people who are most likely to be high performers with Ameritrust's uniquely strong culture would be beneficial. Given that the company's core values, including the value it places on balancing sociability and results, are a significant part of what it means to be a member of the Ameritrust team, due regard to these aspects when hiring and promoting employees may be necessary.
- *Formal leader development and leadership development initiatives.* Identifying and developing top talent early is becoming increasingly important to maintaining a strategic competitive advantage in the market. Thus, Ameritrust may benefit from instituting a formal process by which it systematically marks high-potential employees, provides them with leadership training, and continues their development as they progress upward in the company.
- *Mentoring programs.* Much of what leadership entails at Ameritrust seems to involve mentoring others through goal setting and discussions about core values. This is truly remarkable and appears to be effective. As the company continues to grow and top executives' roles become more complex, it may be necessary to institute a formal mechanism through which mentoring occurs. Essentially, this would involve lower-level leaders becoming more involved in formally mentoring their direct reports.
- *Orientation programs.* Because the organization's culture is so central to its identity, Ameritrust may want to consider incorporating even more of its core values in its training of new employees. It appears like this already occurs through the use of the employees' "playbook," but emphasizing the core values through an orientation program may have the added benefit of encouraging discussion about core values among newcomers and their coworkers.

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- *Leadership competency models.* What we presented here is somewhat like a simple “competency model” of what it means to be a leader at Ameritrust. Competency modeling is a process through which a company determines what attributes it values in its employees—for example, what kinds of attitudes, skills, behaviors, and other characteristics make them successful in the organization. We discussed in this report that four aspects of being a leader at Ameritrust appear to be communicating culture, practicing ethics, exercising authenticity, and managing perceptions. While it seems that these are accurate given our interview with the CEO, other important competencies may exist that would help formalize what Ameritrust expects out of its leaders. Finding out what these are would occur through more extensive interviews with people at various levels within the organization and would help guide future training, education, and development of Ameritrust’s human capital.
- *Change management and its effect on core values.* Ameritrust has a strong set of core values as listed and discussed previously. While these five values seem to be ones that could be relatively enduring despite changes in the industry, the interpretation of them may need re-evaluation over time. For example, although the core value of “customer obsession” is durable, what exactly customer obsession means could likely shift somewhat given changes in market trends or products offered. Thus, a periodic look at what these core values mean and what they “look like” in everyday work could be a valuable exercise through which employees may become even more deeply involved in making these values a reality. This would both reinforce the importance of the core values and make them more concrete, helping employees to have an even clearer idea of how to live up to them as they work.

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Semi-Structured Interview Questions

Preliminary Questions:

1. How long have you been with (fill in company name)?
2. How long have you been in your current position?
3. Can you describe for us what you do in your current position?
4. What does a typical day look like in your job?

Leadership Competency Model:

5. When you think of leaders at (fill in company name), who comes to mind first? Why?
 - a. Is leadership primarily associated with a title? Level of the organization?
 - b. Do people work in same-level teams? How do leaders emerge under these circumstances?

Think about a time when you have promoted someone or have been involved in appointing someone to a leadership position.

6. What do you perceive to be the knowledge, skills, and abilities that are required of leaders?
7. What types of attitudes do leaders in (fill in company name) have?
 - a. Are leaders generally positive and encouraging?
 - b. Are leaders driven to institute change?
 - c. How do leaders motivate their followers?
8. What does a typical day look like for a leader at (fill in company name)?

Leadership Training and Development:

9. Does (fill in company name) offer any formal leadership training?
 - a. If so, what type of training is offered? When is this training offered?
 - b. Are there any formal documents associated with leadership training and development (i.e. handbooks, leadership competencies, mission or vision statements)?
10. What type of informal leadership training takes place? What type of training do leaders receive outside of company-wide initiatives?
 - a. When does informal training occur?
 - b. Is informal leadership training something that continues throughout a person's tenure with (fill in company name)?

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11. What processes are in place to assist (fill in company name) in identifying high potential employees? How are people identified and selected for promotion to leadership positions?

Leadership Outcomes:

12. As a leader with (fill in company name), what are your top priorities in any given week? Please rank order your priorities to the best of your ability.
 - a. Where do these priorities come from?
 - b. Why have you chosen to prioritize your responsibilities in this particular manner?
13. If you were interested in creating change within (fill in company name), do you feel that you have the ability to do so? Why or why not?
 - a. Is it difficult for people to create change at (fill in company name)?
 - b. Where do change initiatives typically come from?

Leadership Beliefs:

14. What do you perceive to be your strengths as a leader?
15. In what areas would you most like to improve your leadership ability?
16. Think back to your first day in your current position. How have your skills, abilities, attitudes, beliefs, and thoughts changed since that day? What have you learned about yourself? What have you learned about your leadership ability? How did this learning come about?

Closing Questions:

17. What books are you currently reading on leadership?
18. Is there anything that we have not yet covered that you would like to share with us regarding any facet of your leadership experience?

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