

Interview: Mr. Dennis Muilenburg

CEO of Boeing Defense, Space and Security

The integration of character and leadership can be explored from an array of perspectives, including but not limited to military, academic, non-profit and business organizations. However, salient questions still remain: What is the intersection of character and leadership? How does the pressure to produce impact being a leader of character in the business world? Can character and leadership standards serve as a competitive advantage/disadvantage in business? Interviews with high-level leaders from a range of industries and fields may help to illuminate the practical implications of character and leadership. The following interview with Mr. Dennis Muilenburg, President and CEO of Boeing Defense, Space & Security, underscores his belief regarding the connection between character, leadership and business.

JCLI INTERVIEWER: First, can you describe Boeing's philosophy for how it develops value-based leaders?

MR. MUILENBURG: I would start by saying leadership is fundamental to everything that we do. It's engrained in how we do business, how we engage with our customers and it's an expectation we have of our people. As a part of that effort, we have established what we call six "leadership attributes" that apply across Boeing. One of those leadership attributes is "Lives the Boeing values." During training at our Boeing Leadership Center, we give particular emphasis to operating with integrity in everything we do. It speaks to creating an open

and inclusive environment for our employees, one that promotes the right kind of dialogue, and it speaks to how we expect to engage with our customers. That's at the very core of what we are as a company. As a part of that effort we have annual Ethics Recommitment training when we, as an organization, recommit ourselves to integrity in our business and how we do our work. The effort also includes a Code of Conduct signing for all employees, which re-enforces the value-based approach to doing our jobs. If you take it to the bottom line, what resonates for me is we know we work on things that really matter, and, frankly, it's an honor for us to be able to work on things that

Dennis Muilenburg is president and chief executive officer of Boeing Defense, Space & Security and serves on the company's Executive Council. He has led this \$32 billion, 66,000-person business unit — a provider of integrated solutions for defense, government, space, intelligence and security customers in the United States and around the world — since September 2009. Previously, Muilenburg, 47, served as president of Global Services & Support; vice president and general manager of Boeing Combat Systems; vice president of Programs & Engineering, Boeing Air Traffic Management; and director of Weapon Systems for the Boeing Joint Strike Fighter program. Born in Iowa, Muilenburg earned a bachelor's degree in aerospace engineering from Iowa State University and a master's degree in aeronautics and astronautics from the University of Washington. He is an Associate Fellow of the American Institute of Aeronautics and Astronautics (AIAA) and a Fellow of the Royal Aeronautical Society.

affect the globe, things that affect national security. We know our customers' lives depend on what we do, and that demands a certain level of excellence in how we do our business. So, to me, that link is really important. That's what drives us. That's what motivates our work force. That's what drives excellence in how we do our work, and it all ties back to values-based leadership.

JCLI: The idea of integrity is one that's obviously very important to us as well. Given the enormous political and financial pressures your company experiences in order to compete in the world marketplace, how do you ensure that your employees actually walk the values that you talk?

MR. MUILENBURG: We have high expectations for our team in terms of performance and what we deliver. We operate in a competitive marketplace. So first we have to be very open and honest with the fact that we do face a lot of competitive pressures, and that's something that can weigh on the minds of our employees. But there is a clear message that we give all of our employees: There is no compromise between performance and values. In other words, we don't expect performance at the sacrifice of values. Rather, it should be the other way around. We focus on values first and our commitment to leadership and in the end, that produces better results. It's very important that we communicate and demonstrate that message because you can imagine how, down on the factory floor or out in the field supporting products, our employees may be faced with decisions that imply, "If I could just gain a little bit of efficiency here or maybe just cut a small corner there, I can gain some competitive advantage."

JCLI: So how do you deal with that?

MR. MUILENBURG: Our clear message is that is not the way we operate. We have made high integrity in decision-making a top priority, and we believe that produces better results in the long run. Ultimately, operating with the utmost integrity will help us perform better and make us better competitors. We promote the idea that performance and competitive progress follows high-integrity decisions, rather than being a compromise between the two. I think that's the key. We try to be consistent no matter where we are. We have a set of values that always apply; there is never a substitute for making the right decision. This idea goes to the core of how we operate; no matter how the environment might be changing, no matter how many pressures we face, that there is simply no substitute for operating with the utmost integrity. Given where technology has gone and the connectedness of our work force, plus the fact that as changes occur around the world they are instantaneously known, we are faced with an even more complex set of decisions and environmental factors that influence our business in more complicated ways than ever before. As a consequence, this dynamic has caused us to redouble our investment in leadership and integrity in how we do our business. Over time, as complexity, information and technology continue to play a central role in our business, this puts a higher premium on making good decisions. Given these factors, making decisions that compromise our organizational integrity would have negative long-lasting effects on our bottom line.

JCLI: Your comment is consistent with a book entitled *Integrity Divided*, by Tony Simons, that addresses the issue to which you are referring. He has actually measured those negative effects in certain environments and the literal cost of people perceiving that you don't live according to your values.

MR. MUILENBURG: When you have a reputation for operating with integrity, it can turn into a competitive advantage in the market place. I believe that reinforces the right kind of behavior. Conversely, if you are not exhibiting that integrity, you could very quickly lose your reputation. As we all know, it takes much longer to rebuild a lost reputation, so that further reinforces the advantage of working with the utmost integrity. When you combine that with the nature of our business, where lives depend on what we do, that's a mutually re-enforcing point about the value of integrity.

JCLI: Shifting gears a little bit into you engaging with your people. If you were to mentor a young, rising manager or leader, what character or values-related guidance would you pass on to him or her?

MR. MUILENBURG: I have the opportunity to have those discussions frequently. One of the business strategies that we talk about a lot is what I call "people first," which recognizes that the most important thing leaders can do – the area of greatest multiplying effect – is to invest in our people. That speaks to how we invest in leadership, how we mentor, how we encourage the right kind of development, and ultimately, how we hope they engage in the right kind of value system among our leaders. I remind the folks I'm mentoring of that very point; just as someone has invested in

them, they need to think about what they are doing to invest in their teams. As a leader, that's a very important responsibility. Also as a leader, the one thing you have that's more valuable than any other is your integrity. Your character – and being able to lead with character and integrity – is fundamentally important because it's what builds trust in an organization. Especially in a business that's as tough as ours: we face a lot of decisions that have significant consequences.

It is important that the trust factor is present if you want to operate in a global business, You may not be face-to-face with your people, so you are going to have to rely on their reputation and the fact that regardless of where you are your people are going to act with integrity. So, as a leader, you need to set that standard, you need to demonstrate integrity in how you work every day, and that's what allows you to build the trust factor in these large global organizations. Fundamental success as a leader is to have that reputation of integrity.

JCLI: In that mentorship relationship, feedback is obviously critical. Yet, there is a term in the management literature called "The CEO Disease" whereby the higher up you get, the less likely you are to get honest feedback. How do you ensure that you receive honest and critical feedback?

MR. MUILENBURG: You know, I've noticed that particular phenomenon or the opportunity for that to occur. So the other thing that I find really refreshing – in addition to mentoring direct-reports and people at a higher level of the organization -- is mentoring our first-line leaders and, in some cases, high-potential individuals who are just coming into the company. These are what I

call “multiple-skip-level” mentoring relationships. At least some part of the answer to your question is embedded in your leadership style. Just to give you one example, a couple of years ago, I started a blog as a communication tool within my organization. Not at that point a very traditional thing for a CEO to do, and perhaps becoming more en vogue today, but it was still somewhat unusual at that time. The reason I started the blog was because of some reverse-mentoring that I had gotten from a recent entry to our company on how we could improve communications. That blog mechanism has turned out to be a wonderful tool for getting open and honest feedback from across the work force. The ability to engage in a social network seems to provide a level of additional honesty where people are willing to share thoughts and ideas regardless of whether those ideas are positive or negative, and there’s really no substitute for getting open and honest feedback. And that goes back to this “integrity” topic. As a CEO or leader at any level, are you creating an environment where people are willing to raise issues and ask for help? Are you creating an environment where people are willing to say, “I don’t think that’s right,” or, “I think there is a better way of doing this”? There is a lot of power in an organization that’s willing to be honest with itself and willing to offer better ways of doing things and creating an environment where that kind of open conversation happens.

JCLI: With regard to honest feedback, at your recent speech at the National Character & Leadership Symposium, you mentioned a six-year project for which you were the lead, that did not turn out as you had hoped, despite all the time and emotion that had been invested. Obviously, you have

done very well since that time; therefore, you’ve responded in a way that was note-worthy and positive. So, what do you think it takes for someone to bounce back or be resilient from a setback like that in a way that demonstrates character and leadership potential?

MR. MUILENBURG: I think part of it is that we learn a lot from our failures. It’s important, as a leader, that you be willing to stretch far enough that you will at times fail. Of course, as we all know, it’s difficult to be a leader and to advance if you are continuously failing. But I think it’s good to stretch as a leader and as an individual so that you find and then expand your boundaries. That includes the willingness to take some appropriate risk and at times fail, as long as you are willing to learn from those failures and, as a result, change your approach. That’s something I’ve enjoyed throughout my career. It requires a certain level of balance, but it also gets to the point of how you coach your team -- setting your teams up so that they can exceed expectations, they can achieve more than what they originally thought they might be able to achieve, and creating an environment where appropriate risk-taking is encouraged. When it doesn’t turn out as planned, you have an approach for capturing lessons learned and using that to grow as a team and leader, and you build in honest feedback cycles. So part of it gets back to one’s leadership approach and the idea that we shouldn’t assume we know everything or that we are going to do everything perfectly. Part of being a good leader and is being a good learner.

Conclusion/Future Considerations

This interview suggests that not only are character and leadership important elements of business success, but they may actually become a potential source of competitive advantage. This interview both connects the topics of character, leadership and business, while clearly addressing some areas where there are possible conflicts.

No one interview, research study, or article can conclusively or comprehensively answer all the

questions relevant to character and leadership. It is important that the effort to understand and the discourse continuously move forward in a way that is open, critical, and relevant. Mr. Muilenburg's interview simultaneously extends our conception, while also raising questions for future consideration. How are character and leadership internally developed? Furthermore, is this something that can be nurtured by supportive environmental factors? If so, what are they, and how do we manage and develop them?