The Leader’s Character

The course of any society is largely determined by the quality of its moral leadership.

—Psychologists Anne Colby and William Damon

Virtue is not found at the end of a rational argument, but at the end of a quest—as also along the way.

—Boston College professor William Kirk Kilpatrick

What’s Ahead

This chapter addresses the inner dimension of leadership ethics. To shed light rather than shadow, we need to develop strong, ethical character made up of positive traits or virtues. We promote our character development through direct interventions or indirectly by finding role models, telling and living collective stories, learning from hardship, establishing effective habits, determining a clear sense of direction, and examining our values.

Elements of Character

In football the best defense is often a good offense. When faced with high-scoring opponents, coaches often design offensive game plans that run as much time as possible off the clock. If they’re successful, they can rest their defensive
players while keeping their opponent’s offensive unit on the sidelines. Building strong, ethical character takes a similar proactive approach to dealing with our shadow sides. To keep from projecting our internal enemies and selfishness on others, we need to go on the offensive, replacing or managing our unhealthy motivations through the development of positive leadership traits or qualities called virtues. Interest in virtue ethics dates at least as far back as Plato, Aristotle, and Confucius. The premise of virtue ethics is simple: Good people (those of high moral character) make good moral choices. Despite its longevity, this approach has not always been popular among scholars. Only in recent years have modern philosophers turned back to it in significant numbers. They’ve been joined by positive psychologists who argue that there is more value in identifying and promoting the strengths of individuals than in trying to repair their weaknesses (which is the approach of traditional psychologists).

Character plays an important role in leadership. Former CEOs Jeffrey Skilling (Enron), Sam Nacchio (Quest), and Martha Stewart (Martha Stewart Living Omnimedia) cast shadows due to greed, arrogance, dishonesty, ruthlessness, and other character failings. Their lack of virtue stands in sharp contrast to the leaders of great companies described in the book *Good to Great*. Jim Collins and his team of researchers identified 11 firms that sustained outstanding performance over 15 years (cumulative stock returns 6.9 times the general market average). Collins specifically told his investigators to downplay the role of top executives at these firms so they wouldn’t fall into the trap of giving CEOs too much credit. But they couldn’t. Team members soon discovered that leaders of great companies such as Abbott Laboratories, Kimberly Clark, and Wells Fargo combined humility with a strong will. These “Level 5 leaders” as Collins calls them, downplayed their role in their company’s success, giving accolades to others. In fact, they were uncomfortable talking about themselves. For example, Darwin Smith of Kimberly Clark told researchers, “I never stopped trying to be qualified for the job.” Another Level 5 leader stated that “there are a lot of people in this company who could do my job better than I do.”

Level 5 leaders also lived modestly. Kent Iverson of Nucor was typical of the sample. He got his dogs from the pound and lived in a small house that had a carport instead of a garage. However, when it came to the collective success of their companies, Iverson and his fellow leaders set high standards and persevered in the face of difficult circumstances. They didn’t hesitate to make tough choices such as removing family members from the business or to take major risks such as abandoning profitable product lines.

Proponents of virtue ethics start with the end in mind. They develop a description or portrait of the ideal person (in this case a leader) and identify the admirable qualities or tendencies that make up the character of this ethical role model. They then suggest ways in which others can acquire these virtues.
There are three important features of virtues. First, virtues are woven into the inner life of leaders. They are not easily developed or discarded but persist over time. Second, virtues shape the way leaders see and behave. Being virtuous makes them sensitive to ethical issues and encourages them to act morally. Third, virtues operate independently of the situation. A virtue may be expressed differently depending on the context (what’s prudent in one situation may not be in the next). Yet a virtuous leader will not abandon his or her principles to please followers. Important virtues for leaders include the following.

**COURAGE**

Courage is overcoming fear in order to do the right thing. Courageous leaders acknowledge the dangers they face and their anxieties. Nonetheless, they move forward despite the risks and costs. The same is true for courageous followers (see Box 3.1). Courage is most often associated with acts of physical bravery and heroism such as saving a comrade in battle or running dangerous river rapids. For that reason, French philosopher Andre Comte-Sponville argues, “Of all the virtues, courage is no doubt the most universally admired.” However, most courageous acts involve other forms of danger, such as the school principal who faces the wrath of parents for suspending the basketball team’s leading scorer before the state tournament or the manager who could lose his job for confronting the boss about unauthorized spending.

People must have courage if they are to fulfill the two components of ethical leadership: acting morally and exerting moral influence. Ethical leaders recognize that moral action is risky but continue to model ethical behavior despite the danger. They refuse to set their values aside to go along with the group, to keep silent when customers may be hurt, or to lie to investors. They strive to create ethical environments even when faced with opposition from their superiors and subordinates.

**INTEGRITY**

Integrity is wholeness or completeness. Leaders possessing this trait are true to themselves, reflecting consistency between what they say publicly and how they think and act privately. In other words, they practice what they preach. They are also honest in their dealings with others.

Nothing undermines a leader’s moral authority more quickly than lack of integrity. (The movie described in Box 3.2 describes a person who failed as an ethical leader because he lacked this virtue.) Followers watch the behavior of leaders closely. One untrustworthy act can undermine a pattern of credible behavior. Trust is broken, and cynicism spreads. In an organizational setting,
Box 3.1
Focus on Follower Ethics

COURAGEOUS FOLLOWERSHIP

Ira Chaleff, who acts as a management consultant to U.S. senators and representatives, believes that courage is the most important virtue for followers. Exhibiting courage is easier if followers recognize that their ultimate allegiance is to the purpose and values of the organization, not to the leader. Chaleff outlines five dimensions of courageous followership that equip subordinates to meet the challenges of their role.

The Courage to Assume Responsibility

Followers must be accountable both for themselves and for the organization as a whole. Courageous followers take stock of their skills and attitudes, consider how willing they are to support and challenge their leaders, manage themselves, seek feedback and personal growth, take care of themselves, and care passionately about the organization’s goals. They take initiative to change organizational culture by challenging rules and mindsets and by improving processes.

The Courage to Serve

Courageous followers support their leaders through hard, often unglamorous work. This labor takes a variety of forms, such as helping leaders conserve their energies for their most significant tasks, organizing communication to and from the leader, controlling access to the leader, shaping a leader’s public image, presenting options during decision making, preparing for crises, mediating conflicts between leaders, and promoting performance reviews for leaders.

The Courage to Challenge

Inappropriate behavior damages the relationship between leaders and followers and threatens the purpose of the organization. Leaders may break the law, scream at or use demeaning language with employees, display an arrogant attitude, engage in sexual harassment, abuse drugs and alcohol, and misuse funds. Courageous followers need to confront leaders acting in a destructive manner. In some situations, just asking questions about the wisdom of a policy decision is sufficient to bring about change. In more extreme cases, followers may need to disobey unethical orders.

The Courage to Participate in Transformation

Negative behavior, when unchecked, often results in a leader’s destruction. Leaders may deny the need to change, or they may attempt to justify their behavior. They may claim that whatever they do for themselves (e.g., embezzling, enriching themselves at the expense of stockholders) ultimately benefits the organization.
common "trust busters" include inconsistent messages and behavior, inconsistent rules and procedures, blaming, dishonesty, secrecy, and unjust rewards. Employees at United Airlines were particularly outraged by the bonuses given executives (see Chapter 1) because these officials had consistently promoted "shared sacrifice" during the bankruptcy. Performance suffers when trust is broken. Trust encourages teamwork, cooperation, and risk taking. Those who work in trusting environments are more productive and enjoy better working relationships. (I’ll have more to say about trust in Chapter 6.)

HUMILITY

The success of Level 5 leaders, described earlier, is one strong argument for encouraging leaders to be humble; the failure of many celebrity CEOs is another. In the 1990s, many business leaders, such as Carly Fiorina of Hewlett Packard (see Chapter 9), Revlon’s Ron Perelman, Disney’s Michael Eisner, WorldCom’s Bernie Ebbers, and Tyco’s Dennis Kozlowski seemed more like rock stars than corporate executives. These charismatic figures became the public faces of their corporations, appearing on magazine covers and cable
television shows and in company commercials. Within a few years, however, most of these celebrity leaders were gone because of scandal (some are in jail) or poor performance. Quiet leaders who shun the spotlight replaced them and, in many instances, produced superior results.

Management professors J. Andrew Morris, Celeste Brotheridge, and John Urbanski argue that true humility strikes a balance between having an overly low or high opinion of the self. It does not consist of low self-esteem, as many people think, or of underestimating our abilities. Instead, humility is made up of three components. The first component is self-awareness. A humble leader can objectively assess her or his strengths and limitations. The second element is openness, which is a product of knowing one’s weaknesses. Possessing humility means being open to new ideas and knowledge. The third component is transcendence. Humble leaders acknowledge that there is a power greater than the self. This prevents them from developing an inflated view of their importance while increasing their appreciation for the worth and contributions of others.

Humility has a powerful impact on ethical behavior. Humble leaders are less likely to be corrupted by power, claim excessive privileges, engage in fraud, abuse followers, and pursue selfish goals. They are more willing to serve others instead, putting the needs of followers first while acting as role models. Humility encourages leaders to build supportive relationships with followers that foster collaboration and trust. Because they know their limitations and are open to input, humble leaders are more willing to take advice that can keep them and their organizations out of trouble.

REVERENCE

University of Texas humanities professor Paul Woodruff argues that reverence, which was highly prized by the ancient Greeks and Chinese, is an important virtue for modern leaders. Reverence has much in common with humility. It is the capacity to feel a sense of awe, respect, and even shame when appropriate. Awe, respect, and shame are all critical to ethical leadership, according to Woodruff. Ethical leaders serve higher causes or ideals. They are not concerned about power struggles or about winners or losers but with reaching common goals. They respect the input of others, rely on persuasion rather than force, and listen to followers’ ideas. Ethical leaders also feel shame when they violate group ideals. Such shame can prompt them to self-sacrifice—accepting the consequences of telling the truth, for example, or supporting unpopular people or ideas.

OPTIMISM

Optimists expect positive outcomes in the future even if they are currently experiencing disappointments and difficulties. They are more confident than
pessimists, who expect that things will turn out poorly. People who are hopeful about the future are more likely to persist in the face of adversity. When faced with stress and defeat, optimists acknowledge the reality of the situation and take steps to improve. Their pessimistic colleagues, on the other hand, try to escape the problem through wishful thinking, distractions, and other means.

Optimism is an essential quality for leaders. As we’ll see later in the chapter, nearly every leader experiences hardships. Those who learn and grow from these experiences will develop their character and go on to greater challenges. Those who ignore unpleasant realities stunt their ethical growth and may find their careers at an end. At the same time, leaders need to help followers deal constructively with setbacks, encouraging them to persist. Followers are more likely to rally behind optimists who appear confident and outline a positive image or vision of the group’s future. (See Case Study 3.1 to see how one optimistic leader encouraged his followers to achieve extraordinary results.)
COMPASSION (KINDNESS, GENEROSITY, LOVE)

Compassion and related terms such as concern, care, kindness, generosity, and love all describe an orientation that puts others ahead of the self. Those with compassion value others regardless of whether they get anything in return from them. Compassion is an important element of altruism, an ethical perspective we'll describe in more detail in Chapter 5. An orientation toward others rather than the self separates ethical leaders from their unethical colleagues. Ethical leaders recognize that they serve the purposes of the group. They seek power and exercise influence on behalf of followers. Unethical leaders put their self-interests first. They are more likely to control and manipulate followers and subvert the goals of the collective. In extreme cases, this self-orientation can lead to widespread death and destruction.

JUSTICE

Justice has two components. The first component is a sense of obligation to the common good. The second element is treating others as equally and fairly as possible. Just people feel a sense of duty and strive to do their part as a member of the team, whether that team is a small group, an organization, or society as a whole. They support equitable rules and laws. In addition, those driven by justice believe that everyone deserves the same rights even if they have different skills or status.

Although justice is a significant virtue for everyone, regardless of their role, it takes on added importance for leaders. To begin, leaders who don't carry out their duties put the group or organization at risk. Furthermore, leaders have a moral obligation to consider the needs and interests of the entire group and to take the needs of the larger community into account. The rules and regulations they implement should be fair and benefit everyone. Leaders also need to guarantee to followers the same rights they enjoy. Finally, they should set personal biases aside when making choices, judging others objectively and treating them accordingly.

Identifying important leadership virtues is only a start. We then need to blend desirable qualities together to form a strong, ethical character. This is far from easy, of course. At times, our personal demons will overcome even our best efforts to keep them at bay. We're likely to make progress in some areas while lagging in others. We may be courageous yet arrogant, reverent yet pessimistic, optimistic yet unjust. No wonder some prominent leaders reflect both moral strength and weakness. Martin Luther King showed great courage and persistence in leading the civil rights movement but engaged in extramarital relationships. Franklin Roosevelt was revered by many of his contemporaries but had a long-standing affair with Lucy Mercer. In fact, Mercer (not Eleanor Roosevelt) was present when he died.
The poor personal behavior of political and business leaders has sparked debate about personal and public morality. One camp argues that the two cannot be separated. Another camp makes a clear distinction between the public and private arena. According to this second group, we can be disgusted by the private behavior of a politician such as Bill Clinton or Rudy Giuliani but vote for him anyway based on his performance in office.

I suspect that the truth lies somewhere between these extremes. We should expect contradictions in the character of leaders, not be surprised by them. Private lapses don’t always lead to lapses in public judgment. On the other hand, it seems artificial to compartmentalize private and public ethics. Private tendencies can and do cross over into public decisions. Arizona State business ethics professor Marianne Jennings points out that many fallen corporate leaders (e.g., Richard Scrushy, Dennis Kozlowski, Scott Sullivan, Bernie Ebbers) cheated on their wives or divorced them to marry much younger women.\(^\text{17}\) She suggests that executives who are dishonest with the most important people in their lives—their spouses—are likely to be dishonest with others who aren’t as significant: suppliers, customers, and stockholders. Furthermore, the energy devoted to an affair distracts a leader from his or her duties and provides a poor role model for followers. That’s why the Boeing board fired CEO Harry Stonecipher when it discovered that he was having an affair with a high-ranking employee.\(^\text{18}\)

In the political arena, Roosevelt tried to deceive the public as well as his wife and family. He proposed expanding the number of Supreme Court justices from 9 to 15, claiming that the justices were old and overworked. In reality, he was angry with the Court for overturning many New Deal programs and wanted to appoint new justices who would support him. Roosevelt’s dishonest attempt to pack the Supreme Court cost him a good deal of his popularity. Bill Clinton’s personal moral weaknesses overshadowed many of his political accomplishments.

Fostering character is a lifelong process requiring sustained emotional, mental, and even physical effort. Strategies for developing leadership virtues can be classified as direct or indirect. Direct approaches are specifically designed to promote virtues. For example, schools may display lists of the virtues in prominent places. However, deliberate moralizing (telling children how to behave) is less effective with older students. Psychological interventions appear to be much more successful. Therapists help clients become less egocentric (and therefore more humble) by encouraging them to develop a more realistic assessment of their strengths and weaknesses. Counselors suggest that their counselees convert pessimism into optimism by identifying their negative cognitions (“I am a failure”) and then converting them into more positive thoughts (“I may have failed, but I can take steps to improve”). Psychologists have also found ways to help people deal with their fears (and build their courage). They first expose clients to low levels of threat. Once
they’ve have mastered their initial fears, therapists then introduce clients to progressively greater dangers.¹⁹

Although direct methods can build character, more often than not virtues develop indirectly, as a byproduct of other activities. In the remainder of this chapter I’ll introduce a variety of indirect approaches or factors that encourage the development of leadership virtues. These include identifying role models, telling and living out shared stories, learning from hardship, cultivating good habits, creating a personal mission statement, and clarifying values.
The Leader’s Character

CASE STUDY 3.1
The Hero as Optimist

Explorer Ernest Shackleton

The early 20th century has been called the Heroic Age of Polar Exploration. Teams of adventurers from Norway and Great Britain competed to see who would be first to reach the South Pole. Antarctic expeditions faced temperatures as low as −100°F Fahrenheit and gale force winds up to 200 miles an hour. Britain’s Captain Robert Scott tried unsuccessfully to claim Antarctica for the Crown in 1901. Ernest Shackleton, who had accompanied Scott on his first journey, came within 100 miles of the Pole in 1909 but had to turn back to save his party. Scott and his companions died during their second expedition, launched in 1911. Norwegian Roald Amundsen, who set out at the same time as Scott, succeeded in reaching the southernmost point on Earth in January 1912.

Undeterred by Amundsen’s success, Shackleton decided to launch “one last great Polar journey” aimed at crossing the entire Antarctic continent. This adventure has been chronicled in a number of recent books and films. Author and museum curator Caroline Alexander provides one of the most detailed accounts in her book The Endurance: Shackleton’s Legendary Antarctic Expedition. Shackleton and his crew of 27 men set sail on their wooden sailing ship, the Endurance, in August 1914, just days before World War I broke out. Soon the last great polar journey turned into one of the world’s most incredible tales of survival.

The Endurance was trapped by pack ice at the end of January, stranding the party. When the ice melted the following October (springtime in the Southern Hemisphere), it crushed and sank the ship. The crew relocated to ice floes. At the end of April, 15 months after being marooned, the group abandoned camp on the shrinking ice packs and made it to an uninhabited island in three small dories.

Shackleton and five companions then set out in one of the small boats (only 22 feet long) to reach the nearest whaling station, on South Georgia Island, 800 miles away. This voyage was later ranked as one of the greatest sea journeys of all time. The odds were against the small party from the beginning. They were traveling in the dead of winter on one of the roughest oceans in the world. Darkness made navigation nearly impossible, and they survived a severe storm, one that sank a much bigger tanker sailing at the same time in the same waters. The crew overcame these hurdles and, frostbitten and soaked to the skin, reached South Georgia Island. Even then, their suffering was far from over. Shackleton and two colleagues had to cross a series of ridges and glaciers before reaching the whaling camp. Alexander describes how the survivors looked when they finally reached help.
At three in the afternoon, they arrived at the outskirts of Stromness Station. They had traveled for thirty-six hours without rest. Their bearded faces were black with blubber smoke, and their matted hair, clotted with salt, hung almost to their shoulders. Their filthy clothes were in tatters. . . . Close to the station they encountered the first humans outside their own party they had set eyes on in nearly eighteen months—two small children, who ran from them in fright. (p. 164)

It was another 4 months before Shackleton could reach the rest of his crew stranded on the first island. Amazingly, not one member of the party died during the whole 22-month ordeal.

Many qualities made Shackleton an effective leader. He had great strength and physical stature that enabled him to endure extreme conditions and deal with rebellious followers. He understood the skills and limitations of each expedition member and made the most of each person’s abilities. Shackleton was both accessible and firm. He mixed easily with his men but, at the same time, enforced discipline in a fair, even-handed manner. Whatever the setting, he quickly established a routine and made every effort to maintain the group’s morale, planning song fests, lectures, dog races, and other activities for his men.

Alexander suggests that Shackleton’s character was the key to his success. In 1909 Shackleton could have been the first to reach the South Pole, but he turned back to save the life of his companions. As the supply of food dwindled, he made expedition member Frank Wild (who would join him on the *Endurance* voyage) eat one of his (Shackleton’s) daily ration of four biscuits. “I do not suppose that anyone else in the world can thoroughly realize how much generosity and sympathy was shown by this,” the grateful Wild later wrote. “I DO by GOD I shall never forget it.”

Shackleton continued to demonstrate concern and compassion for the needs of his followers on his Trans-Antarctic voyage. When the most unpopular crewmember was laid up with a bad back, the commander let him use his own cabin and brought him tea. He made sure that those of lower rank got the warmest clothes and sleeping bags. During the perilous trip to South Georgia Island, Shackleton kept an eye out for those who were growing weak but never embarrassed anyone by singling him out for special help. If one sailor appeared on the verge of collapse, he made sure that everyone got warm milk or food. Shackleton himself valued optimism above all other virtues. “Optimism,” he said, “is true moral courage.” Relentless optimism kept him going during the hard times, and he had little patience for those who were anxious about the future.

Alexander sums up the essential quality of Ernest Shackleton’s leadership this way:

At the core of Shackleton’s gift for leadership in crisis was an adamantine conviction that quite ordinary individuals were capable of heroic feats if the circumstances required; the weak and the strong could and must survive together. The mystique that Shackleton acquired as a leader may partly be attributed to the fact that he elicited from his men strength and endurance they had never imagined they possessed; he ennobled them. (p. 194)
DISCUSSION PROBES

1. What is the relationship between optimism and courage? Can we be optimistic without courage? Can we be courageous without being optimistic?

2. Generate a list of the virtues demonstrated by Shackleton on the Endurance voyage.

3. Do dangerous situations such as polar exploration put a premium on some aspects of character that would be less important in other, more routine contexts?

4. Who are our true, modern-day heroes? What character qualities do they possess?

5. What leadership ethics lessons can we draw from the life of Ernest Shackleton?


For more information on Shackleton and his expedition, see

Character Building

FINDING ROLE MODELS

Character appears to be more caught than taught.” We often learn what it means to be virtuous by observing and imitating exemplary leaders. That makes role models crucial to developing high moral character. Three such role models were selected as Time magazine’s 2002 Persons of the Year. FBI agent Colleen Rowley testified before Congress about the agency’s failure to take a terrorist warning seriously before 9/11. Cynthia Cooper, an auditor at WorldCom, blew the whistle on shady accounting practices to the company board’s audit committee. Enron vice-president of development Sherron Watkins warned CEO Kenneth Lay of “an elaborate accounting hoax” that could mean disaster for the company.

Government ethics expert David Hart argues that it is important to distinguish between different types of moral examples or exemplars. Dramatic acts, such as rescuing a child from danger, capture our attention. However, if we’re to develop worthy character we need examples of those who demonstrate virtue on a daily basis. Hart distinguishes between moral episodes and moral processes. Moral episodes are made up of moral crises and moral confrontations. Moral crises are dangerous, and Hart calls those who respond to them “moral heroes.” Oskar Schindler, a German industrialist, was one such hero. He risked his life and fortune to save 1,000 Jewish workers during World War II. Moral
confrontations aren’t dangerous, but they do involve risk and call for “moral champions.” Marie Ragghianti emerged as a moral champion when, as chair of the parole board in Tennessee, she discovered that the governor and his cronies were selling pardons and reported their illegal activities to the FBI.

Moral processes consist of moral projects and moral work. Moral projects are designed to improve ethical behavior during a limited amount of time and require “moral leaders.” A moral leader sets out to reduce corruption in government, for example, or to improve the working conditions of migrant farm workers. In contrast to a moral project, moral work does not have a beginning or end but is ongoing. The “moral worker” strives for ethical consistency throughout life. This moral exemplar might be the motor vehicle department employee who tries to be courteous to everyone who comes to the office or the neighbor who volunteers to coach youth soccer.

Hart argues that the moral worker is the most important category of moral exemplar. He points out that most of life is lived in the daily valleys, not on the heroic mountain peaks. Because character is developed over time through a series of moral choices and actions, we need examples of those who live consistent moral lives. Those who engage in moral work are better able to handle moral crises. For instance, Andre and Magda Trocme committed themselves to a life of service and nonviolence as pastors in the French village of La Chambon. When the German occupiers arrived, the Trocmes didn’t hesitate to protect the lives of Jewish children and encouraged their congregation to do the same. This small community became an island of refuge to those threatened by the Holocaust.23 (Turn to Case Study 3.3 for a closer look at another outstanding moral exemplar.)

Anne Colby and William Damon studied 23 moral workers to determine what we can learn from their lives.24 They found three common characteristics in their sample:

- **Certainty.** Moral exemplars are sure of what they believe and take responsibility for acting on their convictions.
- **Positivity.** Exemplars take a positive approach to life even in the face of hardship. They enjoy what they do and are optimistic about the future.
- **Unity of self and moral goals.** Exemplars don’t distinguish between their personal identity and their ethical convictions. Morality is central to who they are. They believe they have no choice but to help others and consider themselves successful if they are pursuing their mission in life.

What sets exemplars apart from the rest of us is the extent of their engagement in moral issues. We make sure that our children get safely across the street. Moral exemplars, on the other hand, “drop everything not just to see their own children across the street but to feed the poor children of the world, to comfort the dying, to heal the ailing, or to campaign for human rights.”25
Colby and Damon offer some clues about how we might develop broader moral commitments like the exemplars in their study. They note that moral capacity continues to develop well beyond childhood. Some in their sample didn’t take on their life’s work until their 40s and beyond. As a result, we should strive to develop our ethical capacity throughout our lives. The researchers also found that working with others on important ethical tasks or projects fosters moral growth by exposing participants to different points of view and new moral issues. We too can benefit by collaborating with others on significant causes such as working for better children’s health care, building affordable housing, or fighting AIDS. The key is to view these tasks not as a burden but as an opportunity to act on what we believe. Adopting a joyful attitude will help us remain optimistic in the face of discouragement.

TELLING AND LIVING COLLECTIVE STORIES

Character building never takes place in a vacuum. Virtues are more likely to take root when nurtured by families, schools, governments, and religious bodies. These collectives impart values and encourage self-discipline, caring, and other virtues through the telling of narratives or stories. Shared narratives both explain and persuade. They provide a framework for understanding the world and, at the same time, challenge us to act in specified ways. For example, one of the most remarkable features of the American political system is the orderly transition of power between presidents. George Washington set this precedent by voluntarily stepping down as the country’s first leader. His story, told in classrooms, books, and films, helps explain why the current electoral system functions smoothly. Furthermore, modern presidents and presidential candidates follow Washington’s example, as in the case of the 2000 election. Al Gore garnered more popular votes than George W. Bush but conceded defeat after the Supreme Court rejected his court challenge.

Character growth comes from living up to the roles we play in the story. According to virtue ethicist Alasdair MacIntyre, “I can only answer the question ‘What am I to do?’ if I can answer the prior question, ‘Of what story or stories do I find myself a part?’” Worthy narratives bring out the best in us, encouraging us to suppress our inner demons and to cast light instead shadow.

In the introduction to this text I argued that we could learn about leadership ethics from fictional characters as well as from real-life ones. Ethics professor C. David Lisman offers several reasons why the ethical models contained in literature can provide a moral education that helps us to nurture our virtues. Lisman focuses on literature, but his observations also apply to other forms of fiction (films, plays, television shows). In Lisman’s estimation, fiction helps us understand our possibilities and limits. We can try to deny the
reality of death, the fact that we’re aging, and that there are factors outside our control. However, novels and short stories force us to confront these issues.

Literature explores many common human themes, such as freedom of choice, moral responsibility, conflict between individual and society, conflict between individual conscience and society’s rules, and self-understanding. Fiction writers help us escape our old ways of thinking and acting. Their best works expand our emotional capacity, enabling us to better respond to the needs of others. They also provide us with an opportunity to practice moral reflection and judgment by evaluating the actions of important characters. In sum, almost any story about leaders, whether real or fictional, can teach us something about ethical and unethical behavior. Moral exemplars can be found in novels, television series, and feature films as well as in news stories, biographies, documentaries, and historical records.

LEARNING FROM HARDSHIP

Hardship and suffering also play a role in developing character. The leaders we admire the most are often those who have endured the greatest hardships. Nelson Mandela, Václav Havel, and Aleksandr Solzhenitsyn served extended prison terms, for instance, and Moses endured 40 years in exile and 40 in the wilderness with his people.

Perhaps no other American leader has faced as much hardship as did Abraham Lincoln. He was defeated in several elections before winning the presidency. Because of death threats, he had to slip into Washington, D.C., to take office. He presided over the slaughter of many of his countrymen and women, lost a beloved son, and was ridiculed by northerners (some in his cabinet) and southerners alike. However, all these trials seemed to deepen both his commitment to the Union and his spirituality. His second inaugural address is considered to be one of the finest political and theological statements ever produced by a public official.

Trainers at the Center for Creative Leadership (CCL) have identified hardship as one of the factors contributing to leadership development. Leaders develop the fastest when they encounter situations that stretch or challenge them. Hardships, along with novelty, difficult goals, and conflict, challenge people. CCL staffers Russ Moxley and Mary Lynn Pulley believe that hardships differ from other challenging experiences because they’re unplanned, are experienced in an intensely personal way, and involve loss.

Research conducted by the CCL reveals that leaders experience five common categories of hardship events. Each type of hardship can drive home important lessons.

- **Business mistakes and failures.** Examples of this type of hardship event include losing an important client, failed products and programs, broken
relationships, and bankruptcies. These experiences help leaders build stronger working relationships, recognize their limitations, and profit from their mistakes.

- **Career setbacks.** Missed promotions, unsatisfying jobs, demotions, and firings make up this hardship category. Leaders faced with these events lose control over their careers, their sense of self-efficacy or competence, and their professional identity. Career setbacks function as wake-up calls, providing feedback about weaknesses. They encourage leaders to take more responsibility for managing their careers and to identify the type of work that is most meaningful to them.

- **Personal trauma.** Examples of personal trauma include divorce, cancer, death, and difficult children. These experiences, which are a natural part of life, drive home the point that leaders (who are used to being in charge) can’t control the world around them. As a result, they may strike a better balance between work and home responsibilities, learn how to accept help from others, and endure in the face of adversity.

- **Problem employees.** Troubled workers include those who steal, defraud, can’t perform, or perform well only part of the time. In dealing with problem employees, leaders often lose the illusion that they can turn these people around. They may also learn how important it is to hold followers to consistently high standards and become more skilled at confronting subordinates.

- **Downsizing.** Downsizing has much in common with career setbacks, but in this type of hardship leaders lose their jobs through no fault of their own. Downsizing can help leaders develop coping skills and force them to take stock of their lives and careers. Those carrying out the layoffs can also learn from the experience by developing greater empathy for the feelings of followers.

Being exposed to a hardship is no guarantee that you’ll learn from the experience. Some ambitious leaders never get over being passed over for a promotion, for instance, and become embittered and cynical. Benefiting from adversity takes what Warren Bennis and Robert Thomas call “adaptive capacity.” Bennis and Thomas compared leaders who came of age between 1945 and 1954 (Geezers) and 1991 and 2000 (Geeks). They found that, regardless of generation, effective leaders come through crucible moments that have a profound impact on their development. These intense experiences include failures such as losing an election but also encompass more positive events such as climbing a mountain or finding a mentor. Participants in their sample experienced just as many crises as everyone else but were able to learn important principles and skills from their struggles. This knowledge enabled them to move on to more complex challenges.
Successful Geeks and Geezers see hard times as positive high points of their lives. In contrast, less successful leaders are defeated and discouraged by similar events. To put it another way, effective leaders tell a different story than their ineffective counterparts. They identify hardships as stepping stones, not as insurmountable obstacles. We too can enlarge our adaptive capacity by paying close attention to our personal narratives, defining difficult moments in our lives as learning opportunities rather than as permanent obstacles.

DEVELOPING HABITS

One of the ways in which we build character is by doing well through the development of habits. Habits are repeated routines or practices designed to foster virtuous behavior. Examples of good habits include working hard, telling the truth, giving to charity, standing up to peer pressure, and always turning in original work for school assignments. Every time we engage in one of these habits, it leaves a trace or residue. Over time, these residual effects become part of our personality and are integrated into our character. We also become more competent at demonstrating virtues. Take courage, for example. To develop the courage and skill to confront our bosses about their unethical behavior, we may first need to practice courage by expressing our opinions to them on less critical issues such as work policies and procedures.

Business consultant Stephen Covey developed the most popular list of habits. Not only is he the author of the best-selling book *The Seven Habits of Highly Effective People*, but thousands of businesses, nonprofit groups, and government agencies have participated in workshops offered by the Covey Center. Covey argues that effectiveness is based on such character principles as integrity, fairness, service, excellence, and growth. The habits are the tools that enable leaders and followers to develop these characteristics. Covey defines a habit as a combination of knowledge (what to do and why to do it), skill (how to do it), and motivation (wanting to do it). Leadership development is an “inside-out” process that starts within the leader and then moves outward to affect others. The seven habits of effective and ethical leaders are as follows:

**Habit 1. Be Proactive.** Proactive leaders realize that they can choose how they respond to events. When faced with a career setback, they try to grow from the experience instead of feeling victimized by it. Proactive people also take the initiative by opting to attack problems instead of accepting defeat. Their language reflects their willingness to accept rather than avoid responsibility. A proactive leader makes such statements as “Let’s examine our options” and “I can create a strategic plan.” A reactive leader makes comments such as “The organization won’t go along with that idea,” “I’m too old to change,” and “That’s just who I am.”

**Habit 2. Begin With the End in Mind.** This habit is based on the notion that “all things are created twice.” First we get a mental picture of what we want to
accomplish, and then we follow through on our plans. If we’re unhappy with the current direction of our lives, we can generate new mental images and goals, a process Covey calls rescripting. Creating personal and organizational mission statements is one way to identify the results we want and thus control the type of life we create. (I’ll talk more about how to create a mission statement in the next section.) Covey urges leaders to center their lives on inner principles such as fairness and human dignity rather than on such external factors as family, money, friends, or work.

Habit 3. Put First Things First. A leader’s time should be organized around priorities. Too many leaders spend their days coping with emergencies, mistakenly believing that urgent means important. Meetings, deadlines, and interruptions place immediate demands on their time, but other less pressing activities, such as relationship building and planning, are more important in the long run. Effective leaders carve out time for significant activities by identifying their most important roles, selecting their goals, creating schedules that enable them to reach their objectives, and modifying plans when necessary. They also know how to delegate tasks and have the courage to say “no” to requests that don’t fit their priorities.

Habit 4. Think Win–Win. Those with a win–win perspective take a cooperative approach to communication, convinced that the best solution benefits both parties. The win–win habit is based on these dimensions: character (integrity, maturity, and a belief that the needs of everyone can be met), trusting relationships committed to mutual benefit, performance or partnership agreements that spell out conditions and responsibilities, organizational systems that fairly distribute rewards, and principled negotiation processes in which both sides generate possible solutions and then select the one that works best.

Habit 5. Seek First to Understand, Then to Be Understood. Ethical leaders put aside their personal concerns to engage in empathetic listening. They seek to understand, not to evaluate, advise, or interpret. Empathetic listening is an excellent way to build a trusting relationship. Covey uses the metaphor of the emotional bank account to illustrate how trust develops. Principled leaders make deposits in the emotional bank account by showing kindness and courtesy, keeping commitments, paying attention to small details, and seeking to understand. These strong relational reserves help prevent misunderstandings and make it easier to resolve any problems that do arise.

Habit 6. Synergize. Synergy creates a solution that is greater than the sum of its parts and uses right brain thinking to generate a third, previously undiscovered alternative. Synergistic, creative solutions are generated in trusting relationships (those with high emotional bank accounts) where participants value their differences.

Habit 7. Sharpen the Saw. Sharpening the saw refers to continual renewal of the physical, mental, social or emotional, and spiritual dimensions of the self. Healthy leaders care for their bodies through exercise, good nutrition, and stress management. They encourage their mental development by reading good literature and writing thoughtful letters and journal entries. They create meaningful relationships with others and nurture their inner or spiritual values through study or meditation and time in Nature. Continual renewal, combined with the use of the first six habits, creates an upward spiral of character improvement.
DEVELOPING MISSION STATEMENTS

Developing a mission statement is the best way to keep the end or destination in mind. Leaders who cast light have a clear sense of what they hope to accomplish and seek to achieve worthwhile goals. For example, Abraham Lincoln was out to preserve the Union, Nelson Mandela wanted to abolish apartheid, and Mother Teresa devoted her whole life to reducing suffering.

Author and organizational consultant Laurie Beth Jones believes that useful mission statements are short (no more than a sentence long), easily understood and communicated, and committed to memory. According to Jones, developing a personal mission statement begins with personal assessment. Take a close look at how your family has influenced your values and interests. Identify your strengths and determine what makes you unique (what Jones calls your “unique selling point”). Once you’ve isolated your gifts and unique features, examine your motivation. What situations make you excited or angry? Chances are, your mission will be related to the factors that arouse your passion or enthusiasm (teaching, writing, coaching or selling, for example).

Jones outlines a three-part formula for constructing a mission statement. Start with the phrase “My mission is to” and record three action verbs that best describe what you want to do (e.g., accomplish, build, finance, give, discuss). Next, plug in a principle, value, or purpose that you could commit the rest of your life to (joy, service, faith, creativity, justice). Finish by identifying the group or cause that most excites you (real estate, design, sports, women’s issues). Your final statement ought to inspire you and should direct all your activities, both on and off the job.

Leadership consultant Juana Bordas offers an alternative method or path for discovering personal leadership purpose based on Native American culture. Native Americans discovered their life purposes while on vision quests. Vision cairns guided members of some tribes. These stone piles served both as directional markers and as a reminder that others had passed this way before. Bordas identifies nine cairns or markers for creating personal purpose.36

Cairn 1: Call Your Purpose; Listen for Guidance. All of us have to be silent in order to listen to our intuition. Periodically you will need to withdraw from the noise of everyday life and reflect on such questions as “What am I meant to do?” and “How can I best serve?”

Cairn 2: Find a Sacred Place. A sacred place is quiet place for reflection. It can be officially designated as sacred (e.g., a church or meditation garden) or merely be a spot that encourages contemplation, such as a stream, park, or favorite chair.

Cairn 3: See Time as Continuous; Begin With the Child and Move With the Present. Our past has a great impact on where we’ll head in the future. Patterns of behavior are likely to continue. Bordas suggests that you should examine the impact of your
family composition, gender, geography, cultural background, and generational influences. A meaningful purpose will be anchored in the past but will remain responsive to current conditions such as diversity, globalization, and technological change.

**Cairn 4: Identify Special Skills and Talents; Accept Imperfections.** Take inventory by examining your major activities and jobs and evaluating your strengths. For example, how are your people skills? Technical knowledge? Communication abilities? Consider how you might further develop your aptitudes and abilities. Also take stock of your significant failures. What did they teach you about your limitations? What did you learn from them?

**Cairn 5: Trust Your Intuition.** Sometimes we need to act on our hunches and emotions. You may decide to turn down a job that doesn’t feel right, for instance, in order to accept a position that seems to be a better fit.

**Cairn 6: Open the Door When Opportunity Knocks.** Be ready to respond to opportunities that are out of your control, such as a new job assignment or a request to speak or write. Ask yourself whether this possibility will better prepare you for leadership or fit in with what you’re trying to do in life.

**Cairn 7: Find Your Passion and Make It Happen.** Passion energizes us for leadership and gives us stamina. Discover your passion by imagining the following scenarios: If you won the lottery, what would you still do? How would you spend your final 6 months on Earth? What would sustain you for a hundred more years?

**Cairn 8: Write Your Life Story; Imagine a Great Leader.** Turn your life into a story that combines elements of reality and fantasy. Imagine yourself as an effective leader and carry your story out into the future. What challenges did you overcome? What dreams did you fulfill? How did you reach your final destination?

**Cairn 9: Honor Your Legacy, One Step at a Time.** Your purpose is not static but will evolve and expand over time. If you’re a new leader, you’re likely to exert limited influence. That influence will expand as you develop your knowledge and skills. You may manage only a couple of people now, but in a few years you may be responsible for an entire department or division.

**IDENTIFYING VALUES**

If a mission statement identifies our final destination, then our values serve as a moral compass to guide us on our journey. Values provide a frame of reference, helping us to set priorities and to determine right or wrong. There are all sorts of values. For example, I value fuel economy (I like spending less on gas), so I drive a small, fuel-efficient pickup truck. However, ethical decision making is concerned primarily with identifying and implementing moral values. Moral values are directly related to judgments about what’s appropriate or inappropriate behavior. I value honesty, for instance, so I choose not to lie. I value privacy, so I condemn
Internet retailers who gather personal information about me without my permission.

There are two ways to identify or clarify the values you hold. You can generate a list from scratch or rate a list of values supplied by someone else. If brainstorming a list of important values seems a daunting task, you might try the following exercise, developed by James Kouzes and Barry Posner. The credo memo asks you to spell out the important values that underlie your philosophy of leadership.

Imagine that your organization has afforded you the chance to take a six-month sabbatical, all expenses paid. You will be going to a beautiful island where the average temperature is about eighty degrees Fahrenheit during the day. The sun shines in a brilliant sky, with a few wisps of clouds. A gentle breeze cools the island down in the evening, and a light rain clears the air. You wake up in the morning to the smell of tropical flowers.

You may not take any work along on this sabbatical. And you will not be permitted to communicate to anyone at your office or plant—not by letter, phone, fax, e-mail, or other means. There will be just you, a few good books, some music, and your family or a friend.

But before you depart, those with whom you work need to know something. They need to know the principles that you believe should guide their actions in your absence. They need to understand the values and beliefs that you think should steer their decision making and action taking. You are permitted no long reports, however. Just a one-page memorandum.

If given this opportunity, what would you write on your one-page credo memo? Take out one piece of paper and write that memo.37

Examples of values that have been included in credo memos include “Operate as a team,” “listen to one another,” “celebrate successes,” “seize the initiative,” “trust your judgment,” and “strive for excellence.” These values can be further clarified through dialogue with coworkers. Many discussions in organizations (e.g., how to select subcontractors, when to fire someone, how to balance the needs of various stakeholders) have an underlying value component. Listen for the principles that shape your opinions and the opinions of others.

Working with a list of values can also be useful. Psychologist Gordon Allport identified six major value types. People can be categorized based on how they organize their lives around each of the following value sets.38 Prototypes are examples of occupations that fit best into a given value orientation.

- **Theoretical.** Theoretical people are intellectuals who seek to discover the truth and pride themselves on being objective and rational. Prototypes: research scientists, engineers.

- **Economic.** Usefulness is the most important criterion for those driven by economic values. They are interested in production, marketing, economics, and accumulating wealth. Prototype: small business owners.
The Leader’s Character

- **Aesthetic.** Aesthetic thinkers value form and harmony. They enjoy each event as it unfolds, judging the experience based on its symmetry or harmony. Prototypes: artists, architects.

- **Social.** Love of others is the highest value for social leaders and followers. These “people persons” view others as ends, not means, and are kind and unselfish. Prototype: social workers.

- **Political.** Power drives political people. They want to accumulate and exercise power and enjoy the recognition that comes from being in positions of influence. Prototypes: senators, governors.

- **Religious.** Religious thinkers seek unity through understanding and relating to the cosmos as a whole. Prototypes: pastors, rabbis, Muslim clerics.

Identifying your primary value orientation is a good way to avoid situations that could cause you ethical discomfort. If you have an economic bent, you will want a job (often in a business setting) where you solve real-life problems. On the other hand, if you love people, you may be uncomfortable working for a business that puts profits first.

Milton Rokeach developed the most widely used value system. He divided moral values into two subcategories. **Instrumental values** are a means to an end. For example, diligence and patience are valuable because they enable us to reach difficult goals such as completing a degree program or remodeling a house. **Terminal values** generally reflect our lifelong aspirations, such as becoming wise, experiencing happiness, or living comfortably. They stand by themselves. Rokeach’s list of instrumental and terminal values is found in the self-assessment in Box 3.3. Take a moment and rank the items on both lists.

Comparing our responses with those of other individuals and groups opens the way for additional dialogue about priorities. We may discover that we don’t fit in as well as we would like with the rest of the group and decide to leave or work for change. (We will take a closer look at the importance of shared organizational values in Chapter 9.) Researchers can also use a list of values to determine whether different classes of people have different priorities and how values change over time.

Some well-meaning writers and consultants make values the end-all of ethical decision making. They assume that groups will prosper if they develop a set of lofty, mutually shared values. However, as we saw earlier, having worthy values doesn’t mean that individuals, groups, or organizations will live by these principles. Other factors—time pressures, faulty assumptions, corrupt systems—undermine their influence. Values, though critical, have to be translated into action. Furthermore, our greatest struggles come from choosing between two good values. Many corporate leaders value both customer service and product
**Box 3.3**

**Self-Assessment**

**INSTRUMENTAL AND TERMINAL VALUES**

**Instructions**

Rank the values on each list from 1 (most important) to 18 (least important) to you. Rate the instrumental values first and then rank order the terminal values. You will end up with two lists. A low ranking doesn’t mean that a value is insignificant; it means only that the item is less important to you than other, more highly rated values.

<table>
<thead>
<tr>
<th>Terminal Values</th>
<th>Instrumental Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freedom</td>
<td>Loving</td>
</tr>
<tr>
<td></td>
<td>Independent</td>
</tr>
<tr>
<td>Self-respect</td>
<td>Capable</td>
</tr>
<tr>
<td>A sense of accomplishment</td>
<td>Broad-minded</td>
</tr>
<tr>
<td>Mature love</td>
<td>Intellectual</td>
</tr>
<tr>
<td>An exciting life</td>
<td>Honesty</td>
</tr>
<tr>
<td>A comfortable life</td>
<td>Responsible</td>
</tr>
<tr>
<td>Family security</td>
<td></td>
</tr>
<tr>
<td>True friendship</td>
<td></td>
</tr>
<tr>
<td>Social recognition</td>
<td></td>
</tr>
<tr>
<td>Wisdom</td>
<td></td>
</tr>
<tr>
<td>Happiness</td>
<td>Forgiving</td>
</tr>
<tr>
<td>Inner harmony</td>
<td>Ambitious</td>
</tr>
<tr>
<td>Equality</td>
<td>Helpfulness</td>
</tr>
<tr>
<td>A world at peace</td>
<td></td>
</tr>
<tr>
<td>A world of beauty</td>
<td></td>
</tr>
<tr>
<td>Pleasure</td>
<td></td>
</tr>
<tr>
<td>National security</td>
<td></td>
</tr>
<tr>
<td>Salvation</td>
<td></td>
</tr>
</tbody>
</table>

quality, but what do they do when reaching one of these goals means sacrificing the other? Pushing to get a product shipped to satisfy a customer may force the manufacturing division into cutting corners in order to meet the deadline. Resolving dilemmas such as these takes more than value clarification; we also need some standards for determining ethical priorities. With that in mind, I’ll identify ethical decision-making principles in Chapters 5 and 6. But first we need to confront one final shadow caster—evil—in Chapter 4.

Implications and Applications

- Character is integral to effective leadership, often making the difference between success and failure.
- Virtues are positive leadership qualities or traits that help us manage our shadow sides.
- Important virtues to develop as a leader include courage (overcoming fear in order to do the right thing), integrity (wholeness, completeness, consistency), humility (self-awareness, openness, a sense of transcendence), reverence (a sense of awe, respect, and shame), optimism (expectation of positive outcomes in the future), compassion (kindness, generosity, love), and justice (obligation to the common good; treating others equally and fairly).
- Strive for consistency but don’t be surprised by contradictions in your character or in the character of others. Become more tolerant of yourself and other leaders. At the same time, recognize that a leader’s private behavior often influences his or her public decisions.
- Indirect approaches that build character include identifying role models, telling and living out shared stories, learning from hardship, cultivating habits, creating a personal mission statement, and clarifying values.
- Never underestimate the power of a good example. Be on the lookout for real and fictional ethical role models.
- Shared narratives nurture character development, encouraging you to live up to the role you play in the collective story.
- Hardships are an inevitable part of life and leadership. The sense of loss associated with these events can provide important feedback, spur self-inspection, encourage the development of coping strategies, force you to reorder your priorities, and nurture your compassion. However, to benefit from them you must see challenges as learning opportunities that prepare you for future leadership responsibilities.
- Adopting habits can speed the development of character. Seek to be proactive, begin with the end in mind, organize around priorities, strive for cooperation, listen for understanding, develop synergistic solutions, and engage in continual self-renewal.
- Having an ultimate destination will encourage you to stay on your ethical track. Develop a personal mission statement that reflects your strengths and passions. Use your values as a moral compass to keep you from losing your way.
For Further Exploration, Challenge, and Self-Assessment

1. Which virtue is most important for leaders? Defend your choice.

2. Can the private and public morals of leaders be separated? Try to reach a consensus on this question in a group.

3. What steps can you take to develop a more positive outlook about future events?

4. Brainstorm a list of moral exemplars. What does it take to qualify for your list? How would you classify these role models according to the types described in the chapter?

5. Reflect on the ways in which a particular shared narrative has shaped your worldview and behavior. Write up your conclusions.

6. Examine the role that hardship has played in the life of a prominent leader. Summarize your findings in an oral presentation or research paper.

7. Interview a leader you admire. Determine his or her crucible moment and capacity to learn from that experience.

8. Rate yourself on each of the seven habits of effective people and develop a plan for addressing your weaknesses. Explore the habits further through reading and training seminars.

9. Develop a personal mission statement using the guidelines provided by Jones or Bordas.

10. What are your most important terminal and instrumental values? Are you comfortable with your rankings? Why or why not?

11. Complete the credo memo exercise on page [insert p. #] if you haven’t already done so. Encourage others in your work group or organization to do the same and compare your statements. Use this as an opportunity to dialogue about values.
CASE STUDY 3.2
Chapter End Case: “Chainsaw” Al Dunlap and “Mensch” Aaron Feuerstein

In the 1990s Al Dunlap may have been the most admired and the most hated CEO in America. Dunlap earned the name “Chainsaw” for aggressively cutting costs at troubled companies. He didn’t shy away from tough decisions but would close plants, lay off employees, and sell assets in order to improve the bottom line. At the Lily-Tulip disposable cup and plate company, for example, he cut 20% of the staff and half the management team along with 40% of the firm’s suppliers. At Scott Paper, Dunlap laid off more than 11,000 workers, deferred maintenance costs, slashed the research budget, and eliminated donations to charity. These cost reductions drove the stock price up 225% and made Scott Paper an attractive takeover candidate. When Kimberly-Clark bought the firm in 1995, Dunlap pocketed $100 million through the sale of his stock options. Dunlap then moved to the Sunbeam Corporation in 1996 and started another round of cutbacks. He hoped to once again reap millions by boosting the company’s stock value and then selling out.

The media and Wall Street investors loved Al Dunlap. He was readily available to the press, and his forthright style made him a good interview. Chainsaw became the poster child of shareholder capitalism. Shareholder capitalists believe that publicly held corporations serve the interests of only one group: stockholders. Other constituencies, such as customers, employees, and local communities, don’t matter. According to Dunlap, “Stakeholders are total rubbish. It’s the shareholders who own the company” (Byrne, 1999, pp. xiv–xv). He made investors, particularly the large investors who sat on the boards of Scott and Sunbeam, lots of money.

Company insiders had an entirely different opinion of Dunlap. Those who lost their jobs despised him, and those who survived the cuts viewed him as a tyrant. Remaining employees had to work long hours to reach impossible production and sales goals. Business Week writer and author John Byrne offers this description of life under Dunlap:

Working on the front lines of a company run by Albert Dunlap was like being at war. The pressure was brutal, the hours exhausting, and the casualties high. Dunlap and his consultants had imposed such unrealistic goals on the company that virtually everyone understood he was engaged in a short-term exercise to pretty up the business for a quick sale. . . .

By sheer brutality, he began putting excruciating pressure on those who reported to him, who in turn passed that intimidation down the line. It went beyond the ordinary pressure to do well in a corporation. People were told, explicitly and implicitly, that
either they hit the number or another person would be found to do it for them. Their livelihood hung on making numbers that were not makeable.

At Sunbeam Dunlap created a culture of misery, an environment of moral ambiguity, indifferent to everything except the stock price. He did not lead by intellect or by vision, but by fear and intimidation. (pp. 153–154)

Dunlap’s dream of selling Sunbeam and cashing in began to collapse when the firm’s stock price went too high to interest corporate buyers. Shortly thereafter, the firm began falling short of its income projections. The company inflated 1997 sales figures by convincing dealers to sign up for merchandise that was then stored in Sunbeam warehouses. This maneuver allowed the corporation to count these “sales” as immediate income before customers had even paid for the products. By 1998, large accounts such as Wal-Mart and Costco were glutted with inventory, and this accounting trick no longer worked. Sunbeam couldn’t reverse the slide because Dunlap had fired essential employees, eliminated profitable plants and product lines, and alienated vendors. Share prices then dropped dramatically, and Dunlap was forced out. After his ouster, the company defaulted on a major loan payment, and the Securities and Exchange Commission began to audit the company’s books.

Chainsaw Al had few of the virtues we associate with high moral character. To his credit, he was decisive, hardworking, and loyal to a few business associates and subordinates. However, he was also bullying, angry, abusive (to family members as well as employees), egotistical, sensitive to the slightest criticism, vengeful, inconsistent, uncaring, and cowardly (he rarely fired anyone himself).

Working for Al could be hell on Earth. Why, then, was he so successful, and why did people continue to work for him? As I noted earlier, he appeared to get results (at least in the short term) and got lots of favorable attention in the press. If he hadn’t fallen short of earnings projections, he probably would still be at Sunbeam despite his shabby treatment of employees and other stakeholder groups. High-level executives continued to work for Sunbeam out of fear and in hopes of getting rich. They would make millions from their stock options if the company succeeded and were afraid to stand up to the boss. Said one vice-president who had often considered quitting, “But it was like being in an abusive relationship. You just didn’t know how to get out of it.”

Summing up the career of Chainsaw Al, Byrne concludes,

At Sunbeam, he eluded all the safeguards of a public corporation: a well-meaning board of directors, independent, outside auditors, and an army of honest and talented executives. Every system depends on people, people who will say no even when faced with the threat of losing a job or a business. Dunlap worked so hard at creating fear, dependence, and guilt that no one dared to defy him—until it was too late. It is a lesson no one should ever forget. (p. 354)

While Al Dunlap was ransacking Sunbeam, Aaron Feuerstein, CEO of textile manufacturer Malden Mills, was setting a very different example. On December 11, 1995, the company’s plant in Lawrence, Massachusetts, burned down in one
of the largest fires in the state’s history. Even while the ashes of the plant were still smoldering, Feuerstein pledged to continue to pay the salaries of his workers. Furthermore, he promised to rebuild in Lawrence rather than go out of business or move operations in order to reduce labor costs.

Feuerstein (69 at the time of the fire) was the latest in his family to run the privately held company, which was best known for producing Polartec fleece. He learned his business principles from his father and uncles. These principles include treating all employees fairly, encouraging loyalty, and being a responsible member of the community. Malden offered wages nearly 20% higher than the industry average, and its unionized workforce never went on strike.

CEO Feuerstein’s decision to keep paying employees while rebuilding in the same location was based in large part on his values as an orthodox Jew. Feuerstein linked his choices to Hebrew scripture. In talking about the fire, he quoted the Jewish proverb, “When all is in moral chaos, this is the time to be a ‘mensch.’” Mensch is the Yiddish word for a “man with a heart.”

The Malden Mill executive exhibited the humility and modest lifestyle of the Level 5 leaders studied by Jim Collins. He could have taken the $300-million insurance settlement and retired, but as he told 60 Minutes correspondent Morley Safer, he was not interested in moving to Florida to play golf. Mr. and Mrs. Feuerstein’s idea of a good time was reading together in front of the fire at their five-room condominium.

Unfortunately, Feuerstein didn’t enjoy the success of the Level 5 leaders in the Collins study. Malden Mills was forced to declare bankruptcy because of additional debt and reduced market share resulting from the fire. The company emerged from bankruptcy in 2003, and Feuerstein retired. For the first time in its history, Malden Mills was no longer owned and managed by the Feuerstein family. In 2007 the firm filed for bankruptcy again, citing financial problems left over from its first bankruptcy and foreign competition. Polartec (a company owned by a private equity firm) then acquired Malden Mills.

Once Feuerstein retired, Malden Mills seemed to lose its ethical way. Labor relations soured, and workers went on strike. Creditors accused the company of hiding its plans to file for bankruptcy a second time. The firm’s board had to withdraw a plan to pay $1 million in bonuses to top executives while it owed millions to unsecured creditors.

**DISCUSSION PROBES**

1. What responsibility should followers share for the actions of Dunlap? How would you evaluate the character of those who decided to stay and work for him?

2. How much blame do you place on the company directors who hired Dunlap and were supposed to oversee his activities?

3. How can we prevent future Al Dunlaps from taking over companies and other organizations?

4. Was Feuerstein’s decision to continue to pay workers foolish based on the firm’s subsequent bankruptcies?
5. Could the CEO of a publicly held company make the same choice as Feuerstein? Why or why not?

6. What factors go into making a mensch?

7. What leadership ethics lessons do you glean from rise and fall of Chainsaw Al, from Feuerstein’s example, and the fate of Malden Mills after Feuerstein retired?

SOURCES


Finding a moral exemplar who has had more impact than English politician and philanthropist William Wilberforce (1759–1833) would be hard to do. The son of a wealthy merchant, Wilberforce spent his entire career as a member of the British parliament. There he labored tirelessly for the abolition of slavery and the reformation of British society. His efforts paid off. During his lifetime Britain abolished slave-holding throughout the empire. Few in England tried to help the poor and suffering before Wilberforce. Under his direction, hundreds of groups sprung up to deal with social ills such as child labor, prisoner abuse, orphanhood, and cruelty to animals. (Wilberforce belonged to 69 such groups himself.) Great Britain developed a social conscience where none had existed before. Americans Thomas Jefferson, Abraham Lincoln, Harriet Beecher Stowe, Henry David Thoreau, and John Greenleaf looked to him for inspiration. In recognition of his impact, Wilberforce has been called the “greatest social reformer of the history of the world.”

Wilberforce was an unlikely candidate to become a reformer. His parents went to great lengths to keep him from the clutches of religion and encouraged him to adopt an extravagant lifestyle instead, one filled with trips to the theater, elegant balls, and card parties. He wasted much of his college career drinking and partying. When he first came to Parliament, he focused solely on the interests of his district and was known to use his wit and sarcasm to belittle his opponents. Then Wilberforce underwent a gradual religious conversion he called “the Great Change.” After this change he wanted to drop out of politics but was dissuaded by close friend William Pitt, who was to become prime minister. At age 27 Wilberforce decided to take on the major missions or goals of his life: the abolition of the slave trade (and of slavery) and the “reformation of manners” (morals). He then put his superior intelligence and eloquence (he was considered one of the greatest orators of his day) to work in pursuit of these objectives.

Wilberforce had to overcome great odds to reach his goals, beginning with his physical condition. Short of stature (5-foot-3), he suffered ulcerative colitis throughout his life. This condition nearly killed him on several occasions, and he treated it with daily doses of morphine. Wilberforce’s antislavery efforts met with stiff resistance from powerful merchants and politicians. He was mocked by opponents and in the popular press. Captains of slave ships threatened him with violence and death. Every year he introduced legislation to ban the slave trade, which cost the lives of hundreds of slaves who died on route to the West Indies. Every year he was defeated. It took 20 years to get the slave trade banned and
another 26 years after that (within a few days of his death) to abolish slaveholding. Wilberforce’s campaign to improve the lot of the poor had to overcome apathy on the part of the middle and upper classes, who felt no obligation to care for the less fortunate.

Wilberforce was sustained in his long battle for social justice by his religious faith and by his friends and fellow reformers. He took his inspiration from Christian scripture and regularly renewed his faith through private study and worship. (Wilberforce was also an avid reader of philosophy and almost any other literature he could get his hands on.) He had a large circle of friends who visited him regularly. Wilberforce and other like-minded people formed the Clapham Circle, a group that met together to share ideas and strategies for social change. Pastor Thomas Clarkson, politician Granville Sharp, John Newton (writer of the hymn “Amazing Grace”), and poet William Cowper worked with him in the campaign to abolish slavery.

By the end of his life many of those who had opposed Wilberforce joined with him. His character won many over. Not only was he cheerful and compassionate, giving as much as one-fourth of his income away some years, he was also extremely humble. Wilberforce turned down the chance to become a British lord and was uncomfortable with celebrity and acclaim. When one friend praised him for his generosity, he replied, “With regard to myself, I have nothing whatsoever to urge, but the poor publican’s plea, ‘God be merciful to me a sinner.’” Wilberforce was gentle in his dealings, choosing first to look for the good in others (even slave traders and owners) to see whether he could establish common ground. He tried to mix mercy with grace. For instance, he agreed to plans to reimburse slave owners in the West Indies even though other abolitionists believed that doing so could be seen as a reward for their bad behavior.

All the members of Parliament, the Duke of Wellington, and huge crowds attended Wilberforce’s funeral. Though a commoner, he was buried with royalty in Westminster Abbey. African freemen in the United States honored his memory by wearing a badge of mourning for 30 days. In a public eulogy for Wilberforce delivered in New York City, African American Benjamin Hughes described him as “the “Philanthropist” and “the Hercules of Abolition.”

DISCUSSION PROBES

1. What do you learn from the example of William Wilberforce?
2. What steps can you take to follow his example?
3. What does Wilberforce have in common with other moral exemplars?
4. Do you think Wilberforce was the “greatest social reformer in history”? Whom would you nominate for this honor?
5. What leadership ethics lessons do you take from this case?
The Leader's Character

NOTES


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27. MacIntyre, p. 216.


