

LEADING

with

Character & Competence

A red starburst graphic with a jagged, sunburst-like edge, containing the subtitle text in yellow.

**Moving
Beyond Title,
Position, and
Authority**

TIMOTHY R. CLARK

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Leading with Character and Competence

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Moving Beyond Title,
Position, and Authority



Timothy R. Clark



Berrett-Koehler Publishers, Inc.
a BK Business book

Leading with Character and Competence

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To Tracey

Contents

Preface ix

Introduction 1

PART ONE

The Four Cornerstones of Character 17

CHAPTER 1

The First Cornerstone of Character: **Integrity** 19

CHAPTER 2

The Second Cornerstone of Character: **Humility** 37

CHAPTER 3

The Third Cornerstone of Character: **Accountability** 55

CHAPTER 4

The Fourth Cornerstone of Character: **Courage** 71

PART TWO

The Four Cornerstones of Competence 87

CHAPTER 5

The First Cornerstone of Competence: Learning 89

CHAPTER 6

The Second Cornerstone of Competence: Change 109

CHAPTER 7

The Third Cornerstone of Competence: Judgment 129

CHAPTER 8

The Fourth Cornerstone of Competence: Vision 153

Conclusion 169

Notes 173

Leading with Character and Competence Self-Assessment 185

Acknowledgments 186

Index 187

About the Author 203

Preface

WHEN YOU LOOK IN THE MIRROR, DO YOU SEE A LEADER? Can you see the unfolded vision of what you can become? I am convinced that most people do not comprehend their leadership potential. I wrote this book to help you realize that potential. For that to happen, you will need to unmask the false concept that leadership is about title, position, and authority. These are worldly artifacts. They have their place, but the journey of becoming a better leader is not about those things. It's about elevating your thoughts, beliefs, and actions to a higher plane. It's about deep introspection and self-discovery born of a desire to make a difference in the world. Regrettably, the moral fog and materialism of our day try to convince us to measure leadership by the wrong standards. There must be a confrontation with these counterfeit claims.

Regardless of who you are, you must build your foundation on two things: character and competence. This is a universal truth. Leadership is about following principles. You either follow the principles or break yourself against them. The principles themselves don't break. Nor do they negotiate.

Great leaders are built from the inside. You must start with *character*. The four cornerstones of character are *integrity*, *humility*, *accountability*, and *courage*. Then comes *competence*. The four cornerstones of competence are *learning*, *change*, *judgment*, and *vision*.

Leadership is not an easy education. How could it be? It is the most important applied discipline in the world. It has

its price: consistent, rigorous, and deliberate effort. In fact, it mocks our attempts to get it cheap. You will have to unlearn and abandon some of your current thinking and behavior. At times you will stumble in your pursuit, and your weaknesses will be exposed. But if you are determined, you will accelerate your progress. You will lead with the intent to contribute rather than consume, bless rather than impress. You will literally change people's lives and leave a legacy that lingers far into the future.

This is the epic story of leadership.

Leading with Character and Competence Self-Assessment

To jump-start your leadership journey, I suggest taking the companion self-assessment after reading this book. The self-assessment will give you a baseline measure of your own character and competence and help you identify development priorities for creating a personal action plan. Please see the Leading with Character and Competence Self-Assessment on page 187.

Introduction

Titles are shadows, crowns are empty things.

Daniel Defoe (1660–1731)

English trader, writer, journalist, and spy

The True-Born Englishman (1701)

LEADERSHIP IS A TOPIC CROWDED WITH ABSURD THEORIES. Over the years we have celebrated the absurdities. We have jumped from one superstition to another. We've bedeviled ourselves with trends and fashions. We've changed "hues and views to fit the situation."¹ Out of a simple concept, we have created a myth-making industry, a platitudinous art, an intellectual toy. We've made it too complicated, and in many cases the theories we've hatched are dangerously misleading. Consider the following strains of thought.

Ten Misleading Leadership Theories

1. **Leadership is about charisma.** If you have personal magnetism, dash, and style, you are a leader.
2. **Leadership is about eloquence.** If you have Churchillian powers of expression, you are a leader.
3. **Leadership is about power.** If you are a chief executive officer (CEO) or a bemedaled general, you are a leader.
4. **Leadership is about seniority.** If you have outlived everyone else, you are a leader.

5. **Leadership is about scale.** If you work on the important issues of the day, you are a leader.
6. **Leadership is about popularity.** If everyone likes you, you are a leader.
7. **Leadership is about fame.** If you are known far and wide, you are a leader.
8. **Leadership is about winning.** If you have beat your opponents, you are a leader.
9. **Leadership is about wealth.** If you have money, you are a leader.
10. **Leadership is about education.** If you are degreed and credentialed, you are a leader.

I know people who possess all of these things and are not leaders. I know others who possess none of these things and are. These ideas represent bad philosophy, and, as writer C. S. Lewis said, “bad philosophy needs to be answered.”²

It needs to be answered because otherwise people go away confused and discouraged. I’m not saying these things have nothing to do with leadership. They may point at the possibility, but they make no promises. Frankly, we have yet to recover from these seductive delusions.

The Essence of Leadership

What, then, is the kernel of this concept we call leadership? Novelist and Nobel laureate Thomas Mann wrote, “Order and simplification are the first steps toward the mastery of a subject.”³

I have asked thousands of people around the world this simple question: *What single word best captures the concept of leadership?* Put on some noise-cancelling headphones while I tell you the answer. Leadership is not an ethereal concept. It is

not as cinematic as you might think. It's about one simple and profoundly human thing: *influence*.

Yes, the essence of leadership is influence.

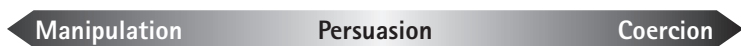
But it's not just any kind of influence. It must aim at something good, something noble, something that builds, lifts, and makes better. In its purest sense, leadership is about influencing people to climb, stretch, and become. And it's not about the scope of your stewardship; influencing the one is just as worthy as influencing the many.

For example, I crashed into another car driving out of a parking lot the other day. It was my fault. What happened next was stunning. The man whose car I hit was perfectly calm and unstintingly kind. I smashed his Lexus and ruined his day, and here he was, setting an example of patience and composure. It was a simple, brief, one-on-one encounter and yet an awesome display of influence and a clinic in leadership.

How do you exercise leadership? How do you generate this kind of influence? Not much to demystify here. The mechanism is primarily modeling behavior. It's about walking the talk through your living, breathing example. Psychologist Albert Bandura captured the principle: "Most human behavior is learned observationally through modeling: from observing others, one forms an idea of how new behaviors are performed, and on later occasions this coded information serves as a guide for action."⁴

Humans are social animals. We influence one another in a continuous, unintermittible, and reciprocal process. You cannot wake up and say, "I don't want to influence anyone today." If you are interacting with people, you are influencing them and they are influencing you. Even your absence influences others.

The question is: *How will you influence and toward what end will you influence?* This fact never changes, but the conditions around us do. Increasingly, we influence under conditions of radical transparency. Andrew Liveris, CEO of Dow Chemical,

Figure I.1 The Spectrum of Influence

observes, “Now, the judge, the jury, the trial, the media, the speed of life, the world of social media—everything you do is scrutinized. Every word you utter, every place you go, what you do, how you do it.”⁵

Think about influence on a spectrum (see figure I.1). At one end is *manipulation*. To influence through manipulation is to use deception to gain advantage. Manipulation can be mild and well meaning, as when a mother alternates apple sauce and pureed carrots on the spoon when feeding her baby. It can also be predatory and destructive, as when payday loan companies lure the working poor into misleading contracts that charge usurious interest rates and trap them in a cycle of debt.

At the other end of the spectrum is *coercion*. People who coerce others press them into service. They muscle and force their way to achieve their aims. I once had a football coach at this end of the spectrum. Ironically, he would scream and demean and use abuse as his primary means of calling forth peak performance in his players.

Whereas manipulation exploits through subtle means, coercion controls through brute force. Here’s the principle: if you try to influence people through manipulation or coercion, you have abandoned legitimate forms of influence. You are not leading anymore.

In the middle of the spectrum is *persuasion*—the realm of true leadership.

If you lay down your tricks (manipulation) and your power tools (coercion), what else is there? The answer is persuasion based on character and competence. Out of character flows the confidence that you can be trusted to do the job. Out of competence flows the confidence that you know how to do the job. A great leader influences through the combined credibility of character and competence—no duplicity, no intimidation, no fear, no threats, and no betrayal.

Thirty years ago I served as a missionary in Korea. My first assignment was to go to the rural province of Kang Won and apprentice with an experienced native Korean missionary named Soe Yang Shik. It was a humorous case of the West and the East coming together. I was 6 foot 5 inches tall. He was 5 foot 5 inches tall. I couldn't speak Korean. He couldn't speak English. And then it all began. We worked from sunup till sundown. He helped me learn the language. He helped me learn to use my chopsticks so I wouldn't starve. He taught me how to plan, organize, and carry out humanitarian projects. He taught me how to teach and serve people. To this day he stands as one of my greatest mentors. How did he do it? He did it without manipulation or coercion. It was pure and powerful persuasion based on a combination of character and competence.

People perceive influence patterns in others very quickly. If you get a new boss, coach, teacher, or friend, you observe that individual. You look for influence patterns and then apply predictive analytics based on what you see. Intuitively, you run a trust equation and respond accordingly. If you see patterns of manipulation or coercion, you naturally retreat and focus on risk management, self-preservation, and pain avoidance. If, on the other hand, that person promotes psychological safety through patterns of persuasion, you respond with trust, commitment, and higher performance. You reciprocate with more discretionary effort. You do not trust power; you rely on the power of trust.

Leadership Is an Applied Discipline

Now consider the oppressive myth that leadership is about title, position, and authority. These things are merely accessories. In this world we elect presidents, appoint CEOs, and, in about four dozen cases, still crown kings and queens. But there is no coronation of leaders in the true sense of the word. To robe yourself in the outward vestments of a leader does not make you one. That kind of equipment is visible evidence of power, but please do not mistake it for leadership. The formal conferral of authority no more makes you a leader than a black turtleneck makes you the CEO of a tech company. Rank can only hint at the possibility. That's all.

I meet scores of individual contributors who are convinced that they are not leaders because they possess no formal status. I also meet scores of managers who think they *are* simply because they do. Both groups are terribly wrong.

Under intensifying pressure to become flat, lean, and competitive, organizations today ask employees at every level to step up and be leaders—to lead from every level, every seat, and every role. And yet most employees hold no title, position, or authority. It doesn't matter. Leaders who develop character and competence become scalable in their impact, regardless of their role. In business organizations, governments, schools, and families, they become force multipliers. They create more value for their organizations, more success for others, and more opportunities for themselves.

Leadership is an applied discipline, not a foamy concept. In fact, it is the single most important applied discipline in the world. It's a factor in every decision and every outcome. In every human collective—the family, the fourth-grade classroom, the multinational corporation, the repertory dance theatre, the start-up, and the monkish order—performance is always

traceable to leadership. And true leadership is always traceable to influence based on credibility forged from character and competence.

Leadership is the most engaging, inspiring, and deeply satisfying activity known to humankind. Through leadership we have the opportunity to progress, overcome adversity, change lives, and bless the species. The beautiful thing about leadership is that anyone can aspire to it. It's within reach if you are willing to learn, work, and get out of your own way. Leadership scholars Warren Bennis and Burt Nanus wrote, "The truth is that major capacities and competencies of leadership can be learned.... Whatever natural endowments we bring to the role of leadership, they *can* be enhanced."⁶

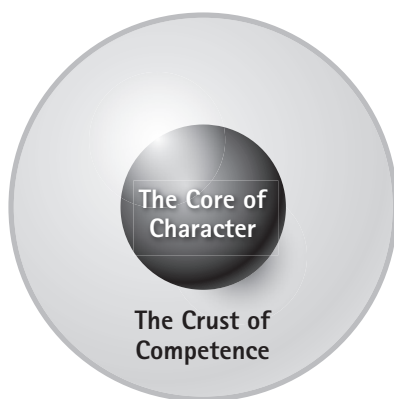
Character and Competence

To become a better leader, you will need both character and competence—character to influence positively and competence to influence effectively. The two bleed into each other. Having one does not cancel the need for the other or compensate for a lack of the other. Leaders do not make decisions based on character or competence alone. The two domains are overlapping magisteria: the heart and the head, motive and skill, intent and technique, moral strength and intellectual horsepower.

For example, *judgment* is a combination of integrity and knowledge. *Productivity* is a combination of discipline and skill. *Collaboration* is a combination of humility and communication. Character needs competence and competence needs character. Character is the core. Competence is the crust. Together they represent leadership's irreducible minimum (see figure I.2).

Character represents the truth of who you are and what you stand for. It's a basic measure of your moral makeup and the degree to which you govern yourself from the inside based on

Figure 1.2 The Core of Character and the Crust of Competence



values and a self-imposed ethical creed. William Wordsworth described the leader of character as one

Whose high endeavors are an inward light
That makes the path before him always bright.⁷

The core of character does not have anything to do with technical expertise, charismatic arts, grasp of strategy, or a host of other technical and professional stuff. That kind of skill, knowledge, experience—that’s all competence. Abraham Lincoln is purported to have said, “Character is like a tree and reputation like its shadow. The shadow is what we think of it, but the tree is the real thing.”

When we speak of character, we are talking about the unvarnished, unedited truth of how you think and behave, as well as how you regard and treat yourself and other people. It flows from the empire of the heart.

Think about high-profile leaders. Name a spectacular fall from grace that was about a lack of competence. When leaders go down hard, they go down from the inside out. It’s a collapse

of character, a core meltdown. Would you rather go into battle with a charismatic leader with a liquid core or a dull leader with a titanium center? British statesman Thomas Macaulay once said of himself, “It is not necessary to my happiness that I should sit in Parliament; but it is necessary to my happiness that I should possess, in Parliament or out of Parliament, the consciousness of having done what is right.”⁸

That is a man of character speaking.

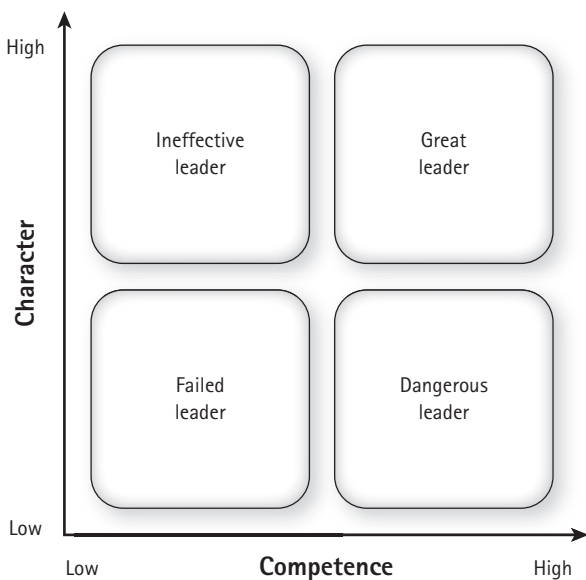
It is more than antiquarian charm to say that leaders should be honest and morally excellent. Society depends on it. That is why leadership *is* the ultimate applied discipline, and being a good one is the worthy quest of a lifetime. There is no shortcut, formula, or tonic. Becoming a great leader requires honest toil—social, emotional, intellectual, and moral exertion. The process is simple but not easy. Don’t confuse the two.

The Four Types of Leaders

A character-plus-competence conception of leadership produces four types of leaders that have nothing to do with title, position, or authority. Rather these types describe how a leader feels, thinks, and behaves. If you look around, you will see that leaders do indeed cluster around these four types (see figure I.3).

Great leaders (high character + high competence). If you are strong on both accounts, you have the opportunity to make a difference—a positive and substantial difference in the lives of those around you—through your influence. This should be your goal. Strong character and competence will bring greater depth and breadth to your offering as a leader. It will allow you to make your fullest and finest contribution.

Specifically, a strong core will keep you safe from your own betrayal. It will allow you to avoid excessive affectation, jealous ambition, and a love affair with power. To have strong character

Figure I.3 The Four Types of Leaders

and competence is to have both the intent and the capacity to make an impact. The lack of leaders in this category is society's most acute need.

Ineffective leaders (high character + low competence). An ineffective leader is a person of basic upright character who unfortunately lacks the skills. The typical pattern of an ineffective leader is a lack of drive rather than a lack of intellect. Leaders in this category have a morbid propensity to procrastinate. Out of fear, entitlement, or laziness, ineffective leaders avoid exertion. They consistently refuse to leave their comfort zones and stretch to their outer limits. Ineffective leaders who have drive do not remain ineffective for long. They get better, even if at a slow pace.

Nobel Prize–winning economist Daniel Kahneman asserts, “Laziness is built deep into our nature.”⁹ I would qualify that and say that laziness is built into our physical and mental makeup, but those who are determined can overcome it and develop astonishing discipline. Even the least gifted leaders can escape incompetence with raw effort. Unfortunately, the number of ineffective leaders is growing as the pace of change accelerates. You can find yourself in the ineffective category by simply standing still. Just coast awhile, and your relevance will melt away as you slip into a cycle of obsolescence.

We may trust incompetent leaders personally, but we can’t trust them professionally. They may be our friends, and we may have great affection for them, but we can’t rely on them to lead us, particularly in the accelerated, compressed, and volatile twenty-first century. We don’t have that kind of margin for error. The risk is too great and the stakes are too high.

Failed leaders (low character + low competence). Failed leaders mispend their lives primarily because they refuse to hold themselves accountable. Rather than reflect on their performance in the spirit of humility and openness, they ignore feedback and deflect personal responsibility. This is the root of their failure: They never learn to delay gratification, acknowledge the inherent value of other people, or respect the principles of work and earned achievement. They hold but one conviction—a sense of their own entitlement. You will often find that they have risen to position through flattery and the trading of favors.

Failed leaders crave rank because they can hide behind it and wage a war of self-preservation. Devoid of purpose outside of themselves, failed leaders are imposters who feed on aggrandizement. They advocate privilege based on position and connections because they cannot claim leadership on merit and they have no

desire to. They are counterfeits, imposters, and pharisees devoted to image and appearance.

Dangerous leaders (low character + high competence). It's one thing to have immoral intent, but what happens when you combine corruption with skill? A dangerous leader is a person who splices intelligence with crooked character—a clever person with undiminished ambition and unrestrained moral ties, a person who trades integrity for money, economic man personified, a creature who obsesses on maximizing personal gain, a human vending machine.

I hear people say that leaders need to be authentic and true to what they believe in. What if you don't believe in anything but yourself?¹⁰ By definition, your leadership will be manipulative or coercive. Out of a mercenary spirit, you will seek to use people rather than serve them, as many malevolent geniuses have done in what becomes a struggle for power or, as one author calls it, "the battle of cold steel."¹¹

I had a famous professor at Oxford make this terrifying statement: "My colleagues and I agree on almost nothing, but the one thing we do agree on is not to believe in anything too much." Leaders who do not believe in anything are susceptible to becoming profoundly self-absorbed and dedicating their lives to the unquenchable pursuit of self-interest. As dangerous leaders mischannel their drive, they become a growing menace to their fellows. Some become human jackals. Many of the most commanding leaders in history—those who have wielded vast influence over humankind, and many with appalling capacity—have been members of this type. They become petty tyrants who mouth big ideas, drawing people under their spell from the dark side of charisma.

When a leader has significant capacity and directs that capacity toward dark, selfish, or trivial ends, people and

performance suffer. Teddy Roosevelt captured the essence of the dangerous leader when he said, “Courage, intellect, all the masterful qualities, serve but to make a man more evil if they are merely used for that man’s own advancement.”¹²

In our day business magnate and philanthropist Warren Buffett put it this way: “In looking for people to hire, you look for three qualities: integrity, intelligence, and energy. And if they don’t have the first, the other two will kill you.”¹³ Talented people especially seem to have a highly developed sense of smell for dangerous leaders; if a leader doesn’t pass the character smell test, they resist that leader’s influence or simply leave.

Becoming a Great Leader

What activist and philosopher Thomas Paine said of freedom applies equally to leadership: “What we obtain too cheap, we esteem too lightly: it is dearness only that gives everything its value. Heaven knows how to put a proper price upon its goods.”¹⁴ Neither character nor competence is free. The good news is that leadership does not require the credentials of title, position, or authority. Nor are you birthmarked a leader. Leadership is a learnable skill. It comes down to your patterns of belief, thought, and behavior and how those patterns influence others.

In this book we consider both character and competence. In part one we discuss the four cornerstones of character: integrity, humility, accountability, and courage. In part two we talk about the four cornerstones of competence: learning, change, judgment, and vision. Are there other attributes of character and competence? Of course. My purpose here is to address the threshold requirements. Your part is to take personal inventory and make sustainable behavioral change on the path of becoming a better leader.

Making Sustainable Behavioral Change

I offer the following three suggestions for making sustainable behavioral change.

Own your own development. First keep in mind the iron law of personal development: *All sustainable personal development is based on a transfer of ownership to the individual.* This means that nothing happens until you find a deep personal commitment to make it happen. If you own it, you can achieve positive behavioral change and sustain it. If you don't, the shelf life of emotion will expire and you'll experience the classic failure pattern that we call a *regression to the mean*. You will simply revert to your old equilibrium and comfort zone.

Maintain no more than two or three development priorities at a time. A portion of my personal consulting practice involves coaching executives. From my accumulated experience, it's clear that a person can only focus on only two or three things at a time. I have seen individuals get a little too excited and come back to me with five or six development goals. That kind of scope is developmentally overwhelming, dangerously dilutes effort, and leads to discouragement and failure. Make your goals specific and behavioral, create detailed plans to improve, and give them intense focus and disproportionate attention.

Keep a clean mirror. Begin your personal development process with a healthy dose of *self-awareness*—an enabling precondition for personal development. Without it you have no bearings to comprehend your true position, so there's a good chance you will wander without solid and cumulative progress over time. But if you carefully examine yourself and maintain a diet of undiluted feedback, you will move the needle.

How to Read this Book

I am not offering a step-by-step, turnkey solution because the quest to become a better leader is not a tidy, linear process. You can't package leadership like a diet or an exercise regimen. Improvement is a gritty, lifelong process, and we are all in different stages, working on different things. You have my permission to start reading anywhere. If you need to work on humility, read that chapter first. If developing better judgment is your priority, go there. I hope you'll see the book as an on-demand resource that you can read based on need.

PART ONE

The Four Cornerstones of Character

LEADERSHIP BEGINS WITH CHARACTER. IF YOU START building competence without the footings and foundation of character in place, you will implode when there's pressure, stress, or the temptation to accept an unearned reward.

Integrity

The first cornerstone of character is integrity. *Integrity* is about basic honesty and squaring up to who you are and what you believe. Integrity accelerates your personal development as you avoid feigned attempts to be amoral. When you avoid ethical misconduct and self-justification, your modeling behavior becomes astonishingly powerful. You deal justly with others because you deal justly with yourself. You put forth your best personal effort. You are careful to take credit and generous in giving it.

Humility

The second cornerstone of character is humility. *Humility* is a companion to integrity and is the unresented acknowledgment of your own dependency and ignorance. It's the capacity to avoid hubris and the reality distortion field it creates. The more humility

you have, the clearer your thoughts and the cleaner your actions. Humility does three amazing things: First, it keeps you safe from the perils of your own ego. Second, it brings you more satisfaction as you rejoice in the success of others. Third, it makes you more willing and able to change.

Accountability

The third cornerstone of character is accountability. Great leaders are not only willing but eager to be answerable for their results. Isn't it interesting that poor leaders hate to be measured and great leaders can't wait? When you model the principle of *accountability*, you do not deflect personal responsibility, you understand that hiding is a false concept, and you always assume that private choices leak into public consequences. Finally, accountability means finishing what you start and resisting all forms of entitlement along the way.

Courage

The fourth and final cornerstone of character is courage. To have *courage* is to resist and challenge the forces of the status quo when necessary. You are the one who has to upend the state of affairs and rebel against the popular culture. You are the creator, not the caretaker. You have a heavier social, emotional, intellectual, spiritual, and physical burden to bear. You avoid the *soft quit*—where you deliberately lessen your effort and eliminate any chance of success—and maintain the discipline to make something happen. Finally, you have the courage to set *stretch goals* that fire the imagination.

CHAPTER 1

The First Cornerstone of Character: Integrity

*I prefer to be true to myself, even at the hazard
of incurring the ridicule of others, rather than to
be false, and incur my own abhorrence.*

Frederick Douglass (1818–1895)

African-American social reformer, abolitionist, orator, writer, and statesman

The Narrative of the Life of Frederick Douglass (1845)

Our Integrity Problem

The first cornerstone of character is integrity—but let's not get philosophical about what that means. We are talking about basic, straight-up honesty. Unfortunately, corruption is the pandemic of our time.¹ Most nations on planet Earth are deeply and almost irretrievably corrupt. They have become undrainable swamps. Greek philosopher Aristotle said, "The mass of citizens is less corruptible than the few."² For the sake of civil society, we need that to be true. Yet according to the Edelman Trust Barometer, three out of four institutions globally are losing the public's trust.³

Consider that in this country we are chasing after dreamy egalitarianism with fiscal recklessness. We like rights and dislike responsibility. With our no-fault philosophy, we suffer from the tyranny of tolerance. We have adopted a spray-on-tan culture of YOLO narcissism. Indeed, if we can clear the decks of right and wrong—disavow, repudiate, and savage the concepts—we

can give ourselves permission to do anything we want.⁴ And if we want to sound erudite about it, we call morality “cultural relativism.”⁵ As one observer said, “As truth has been relativized—absolutely relativized, so to speak—so has morality.”⁶

We have a hard time being honest about the problem. We would rather extend our adolescent play of the mind. The truth is that our compass-free society is immoral in its feigned attempts to be amoral. As political thinker and historian Alexis de Tocqueville said of the Old World, we can say of the new: We are “untroubled by those muddled and incoherent concepts of good and evil.”⁷

The Broken Triangle

We all come with a preinstalled moral sense, yet we still need to be taught integrity because it requires skill and vigilance to maintain it. We learn integrity by seeing it in action. Our children have to learn it the same way. Regrettably, as a society we are not teaching and modeling integrity to the next generation as we should. Religiosity has waned, and most schools are mandated by law to play neutral. If we yield to this “wintry piece of fact,”⁸ we have to admit that the three institutions of home, church, and school—these agents that represented the triangle of socialization and have for centuries carried the burden of imbuing the next generation with integrity—are broken. This largely explains our demoralization, which is a predictable consequence of our willingness to embrace the delusion of amorality, or permissiveness thinly disguised.⁹

With the triangle of socialization broken, we have, as political scientist James Q. Wilson asserts, amputated our public discourse on morality at the knees.¹⁰ And the predatory media is happy to step in as a surrogate to teach secular humanism and its popular corruptions—namely, the norms of gain and glory, indulgence, self-aggrandizement, and a hundred forms

of venality. Not surprisingly, many of society's young think that integrity is unrealistic and perhaps even quaint. They may discount it as Disney idealism because they have been taught that a serious person plays to win.¹¹ Indeed, ours has become a cowardly culture in which everyone forbids everyone to make value judgments.¹²

You Will Be Tested

On one occasion I was training leaders at a Fortune 500 corporation. I brought a large FOR SALE sign into the room, the kind you would plant in your front yard. I gave it to one of the leaders and asked, "Are *you* for sale?" Then I paused and said, "If you don't have an ethical creed that goes to your marrow and says, 'some things are not for sale at any price,' you are for sale. You will go to the highest bidder."

Through the course of your personal and professional life, you will run an ethical gauntlet. Your integrity will be tested. You will be propositioned to lie, steal, cheat, extort, bribe, indulge, silence, swindle, defraud, scam, evade, and exploit. Even if you don't go looking, the opportunities for ethical misconduct will find you. At the very least, you will be asked to remain purse-lipped and silent as you witness soft forms of crooked behavior around you.

Anticipate the obstacles. Prepare for their arrival. When an ethical dilemma presents itself in the moment, the situation suddenly becomes pressurized. Negotiators call it "deal heat." Be ready for that dialed-up intensity. And be alert because ethical issues do not announce themselves. Howard Winkler, manager of ethics and compliance at Southern Company, said, "When an ethical issue arises, it does not come gift-wrapped with a note that says, 'This is an ethical issue. Prepare to make an ethical decision.' It just comes across as another business problem that needs to be solved."¹³

Know too that at least once in your life you will face a monumental obstacle, a severe trial, a crucible affliction that will try your integrity to the breaking point. You may well experience, as writer Victor Hugo said of his character Jean Valjean in *Les Miserables*, “the pressure of disproportionate misfortune.”¹⁴ That day comes for all of us when our integrity goes on trial. It came for Sir Walter Scott, the beloved Scottish writer, when his publishing house failed and he found himself buried under crushing debt. In his personal journal, he described it this way: “Yet God knows, I am at sea in the dark, and the vessel leaky.”¹⁵

Do You Have a Personal Magna Carta?

Albert Schweitzer, the great humanitarian and Nobel Peace Prize winner, studied ethics and said the experience “left me dangling in midair.”¹⁶ *Ethics*, which is a branch of philosophy, likes to ruminate about what is right and wrong, but it steadfastly refuses to tell you what to do. Don’t worry, you can’t read your way to integrity, anyway.

Yes, we face some very complex ethical issues in our day. But most of the time, acting with integrity is not about knowing what to do; it’s simply about doing it. The ability to perform moral reasoning does not make you moral; it’s *doing* what is moral that makes you moral. For example, in a recent survey in the United Kingdom, students were asked, “Would you cheat in an exam if you knew you wouldn’t get caught?” Fifty-nine percent of those surveyed said, “Yeah, sure,” while only 41 percent said, “No way.”¹⁷ Do these students lack moral-reasoning skills?

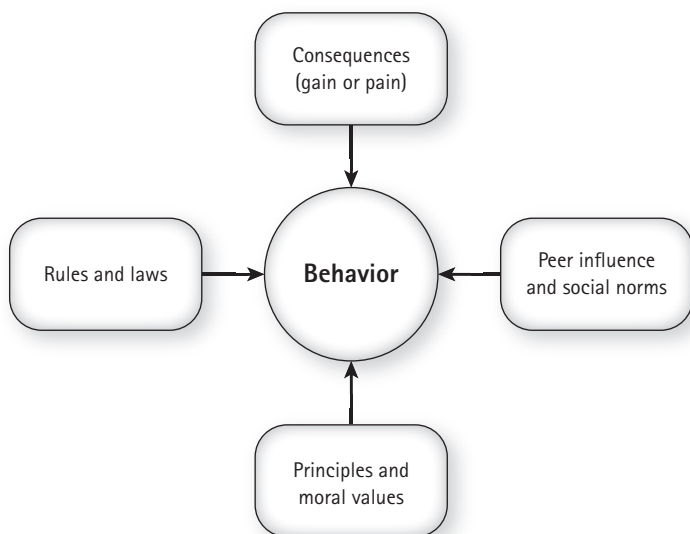
As a human being, you confront moral choices that test your integrity. Leaders with integrity govern themselves. They regulate their own behavior and impose their own limits. They do not lie, steal, or cheat because they know it’s inherently wrong. They have a *personal* Magna Carta to stand on principle.¹⁸ People flock to their high standards and taproot convictions.

But if you are unsworn to principles, integrity vanishes. As professor Harvey Mansfield wrote, “When choice is without any principle to guide it, those who must make a choice look around for something to replace principle.”¹⁹ That search will often come back to the pursuit of selfish interest. If you don’t stand for principle, there is simply nothing left to stand on. You will accept the unprincipled gain and reject the principled loss.

Leaders without integrity must be regulated from the outside by rules, laws, compliance systems, organs of restraint, and the larger control environment around them. They also know innately that lying, stealing, and cheating are wrong. They know the principle but refuse to be governed by it. Surely you have seen how people behave in riots. As the risk/reward ratio shifts, as the deterrence and the threat of punishment disappear, people burn cars and loot the neighborhood store. There’s no internal check on behavior. It’s a base and primal response.

The Four Moral Navigators diagram shows how people make moral decisions, using four devices that have an impact on their behavior (see figure 1.1).

- **Consequences (gain or pain).** With this navigator we attempt to think through a course of action and its consequences. We forecast the pain or gain associated with a given choice. If the reward is high and the risk is low, we move toward the reward.
- **Rules and laws.** With this navigator we look for rules and laws that apply to a given course of action and allow ourselves to be governed by them.
- **Peer influence and social norms.** With this navigator we are guided by the influence of those around us. We sense and follow the norms, mores, and expectations of society or the organization to which we belong.

Figure 1.1 The Four Moral Navigators

- **Principles and moral values.** With this navigator we consult and follow principles and moral values implanted in our hearts and minds. We act out of a conviction of what is right or wrong, regardless of outside pressure, influence, or temptation.

Each device is important and has a role to play, but to maintain integrity, principles and moral values must have the last word. The person or organization without integrity suspends principles and moral values while applying the other navigational devices. For example, why did Volkswagen executives decide to manipulate their diesel engine software to control emissions only during laboratory testing but not in real-world driving? They applied the first device—consequences—and suspended the other three. They were lured by the prospect of financial gain.

Integrity must be rooted in your understanding of leadership: Leaders with integrity lead to contribute. Leaders without

integrity lead to consume. There will be times, at least in the short term, when integrity is expensive, when it costs you something. It's hard to bravely refuse what we know is wrong when it rewards us. And it's hard to do what we know is right when it costs us. Author and columnist Peggy Noonan was correct when she said, "You can't rent a strong moral sense."²⁰ Actually, you can't even buy one. You have to develop it. You have to work at it, model it, teach it, and defend it. It takes integrity to withstand the seductions of our day.

Daniel Vasella, the CEO of Swiss pharmaceutical giant Novartis, addresses integrity directly and explicitly with his people: "I talk to my team about the seductions that come with taking on a leadership role. There are many different forms: sexual seduction, money, praise. You need to be aware of how you can be seduced in order to be able to resist and keep your integrity."²¹

Rocks and Trees Are Neutral

Theologian John Calvin wrote in 1536, "The minds of all men have impressions of civil order and honesty."²² And yet we are dual beings. We have impulses to do good and impulses to do evil—and we know the difference. The problem is we don't always act on what we know. The great Russian novelist Alexander Solzhenitsyn said that we have created "an atmosphere of moral mediocrity, paralyzing man's noblest impulses."²³

Integrity is a matter of will.²⁴ You have to want it more than you want whatever else is on offer. Journalist and politician Horace Greeley said, "Fame is a vapor; popularity an accident; riches take wings."²⁵ Do you believe that? This is not a philosophical question. You will have to answer that question today. You cannot stand on the sidelines and pretend to be above the fray.

Maybe your parents didn't inculcate in you the importance of values. Maybe you've had role models who taught you

to subcontract your moral reflections.²⁶ Maybe you had a boss whose only permanent loyalty was to himself. Maybe the mass media taught you to gorge on power and profits. Maybe greed has dulled your senses. Maybe you had a philosophy professor who taught you there are no fixed principles.²⁷ Maybe you know people who cheat and prosper.²⁸ Maybe you're disoriented by the morally malignant air you breathe. Maybe you hold your nose as you look at a rogues' gallery of retrograde characters and "the long freak show that was 20th-century world leadership."²⁹

Maybe. But you cannot be neutral. Rocks and trees are neutral—not people. You can't wash your hands and be a philosopher. As writer, activist, and Holocaust survivor Elie Wiesel insisted, "We must take sides."³⁰

The Forces of Influence diagram shows what humans do every day (see figure 1.2). First, we are influenced by the actions of others. Second, we consider that influence and then consult our values, attitudes, beliefs, and desires. Third, we act and influence others. And finally, we enjoy or suffer the consequences of our actions. And please note that consequences can be suspended or delayed for long periods of time. Swift and perfect justice is not a characteristic of this life.

It is helpful to understand that we go through this process every day of our lives. It's also critical to recognize that we have responsibility throughout the process.

- **You are responsible** for your own values, attitudes, beliefs, and desires. You have the final and only say in how you choose to be influenced by others.
- **You are responsible** for the actions you take and the influence you have on others. You have *moral agency*—the volition to make your own decisions about what's right and wrong.

Figure 1.2 The Forces of Influence

- **You are responsible** for the consequences of your actions and their influence on others, including how your actions affect other people's thoughts, feelings, beliefs, and choices.

You are responsible and accountable for what you think, feel, believe, say, and do. And you are responsible for the consequences. As Frederick Douglass said at the funeral of abolitionist William Lloyd Garrison, "It was the glory of this man that he could stand alone with the truth, and calmly await the result."³¹

The Three Scorpions

I have worked with law enforcement agencies at the federal, state, and local levels. I have trained leaders from the Secret Service; Federal Bureau of Investigation; Federal Drug Enforcement Agency; Bureau of Alcohol, Tobacco, Firearms and Explosives; and a host of other agencies. If you look at the data for ethical misconduct across these organizations, as well as state and local agencies, the pattern is the same. There are three primary categories of ethical misconduct:

- Lying, stealing, or cheating
- Substance abuse
- Sexual misconduct

We call these categories of ethical misconduct the *three scorpions*. What is fascinating is that the pattern is consistent over time, and, not surprisingly, the same pattern of misconduct applies to the rest of us. If you look at time-series data documenting law enforcement officer wrongdoing over the past 50 years, it's the same three scorpions. But that's not all that is predictable about the three scorpions; we also know what officers do to put themselves in a position to be stung. The pattern leading up to a sting is just as predictable as the sting itself. And what is it? It's simply the gradual deterioration of personal commitment to behave with integrity.

With few exceptions, officers begin their careers in a state of high commitment to their professional ethical standards. The most dangerous step for those who commit an ethical infraction is not the infraction itself but what we call the *first justification*. This refers to the first time the individual overrides an ethical standard by rationalizing it away.

A common initial infraction, for example, is violating a no-gratuity policy, which means accepting any gift, discount, or benefit one is offered by virtue of his or her profession. It's almost always a small thing such as accepting a free cup of coffee. It sounds absurd to many people, but what we find is that little missteps create little vulnerabilities. You accept one gratuity, then another, then another. And then one day, you have unsupervised access to confiscated property, and you know that the property was acquired with drug money. You rationalize and take some. That is how it happens.

Thankfully, not everyone is equally susceptible to the slippery slope from the point of first justification. When it comes to integrity, maintaining it has everything to do with sweating the small stuff. If you are vigilant and circumspect with the little things, you never reach the point of first justification. What is

predictable is preventable. If you never allow yourself to cut a corner, preserving your integrity is absolutely predictable and engaging in ethical misconduct is absolutely preventable.

Principles of Integrity

Early in my career, I spent five years as the plant manager at Geneva Steel, the last remaining fully integrated steel plant west of the Mississippi River. The plant itself was an old relic built by United States Steel during World War II, with machinery sprawled across 2,000 acres. We ran the plant 24 hours a day, 365 days a year, shutting down only for scheduled maintenance. Of course I couldn't be there around-the-clock, so to cover more ground, connect with more people, and get my own sense of things, I made a habit of going on an occasional walkabout during swing and night shifts.

On one night's walkabout, I started at what we called the "hot end," making my way through the coke ovens and blast furnaces. The next stop was central maintenance. The people in central maintenance kept everything running; they were the electricians, pipefitters, millwrights, and other craft employees. It was about 2:00 a.m., and I wandered over to the break room near the electrical and machine shops. I opened the door. Pitch black.

I found the light switch and turned it on. Can you guess what I saw? That's right: 30 employees sound asleep on makeshift cots—and getting paid. I had a long, hefty flashlight in my hand and one question in my head: *Which end should I use?* Apparently with little compunction, these men (and they were all men) were sleeping on the job.

Every man caught sleeping that night was issued a formal reprimand and suspended from his job for a week. What was fascinating was the way the men responded individually. Some tried to hide behind the union and duck personal responsibility.

They went to great lengths to use the grievance procedure and formal arbitration not only to be cleared of wrongdoing but also to receive back pay for the time they were suspended. Other men took personal responsibility. They acknowledged their poor choice and wrote me letters of apology. Clearly, only the ones in the second category could look their children in the eyes and teach them about integrity.

Show Up and Follow Through

If integrity is basic honesty, a first principle is *Be honest with your time and effort*. I have a friend who has hired and managed thousands of people. I asked him this question: “What’s the first principle of integrity?”

“Come to work,” he said.

“That’s it?” I asked.

“That’s it. If you can be where you’re supposed to be when you’re supposed to be there, you have outperformed 25 percent of the human race.”

“Is there a second principle?” I asked.

“There is: *follow through*. If you can follow through, in other words, do the work that you’re assigned to do. And I’m not even saying that you do it well; but if you’re trying, even though you are making mistakes, you have now outperformed 50 percent of the human race.”

“So, you’re saying that if you simply show up and follow through, you’re in the top half of performance?”

“That’s exactly what I’m saying,” he replied. “It’s the principle that Vince Lombardi taught the Green Bay Packers years ago: ‘We’re going to be brilliant on the basics.’³² The ultimate basics are to show up and follow through. It’s not easy to find people willing to do that.”

If we are not passing this basic test of integrity by showing up and following through, chances are we’re engaging in some

form of self-deception, which is a low-cost way of self-medicating when we're not happy with our lives. But like all other illicit forms of pain avoidance, it does not make things better.

For many people the cost/benefit calculation is whether the costs of showing up and following through are higher than the short-term costs of not. We often choose self-deception because we have created a tolerable working accommodation with what we consider low-grade forms of dishonesty. It may bother us not to show up and follow through, but not enough to bring us to our feet. So, we convince ourselves that it won't matter, at least not today. We push it off. But as novelist, poet, and travel writer Robert Louis Stevenson is often quoted as having said, "Everybody, soon or late, sits down to a banquet of consequences."³³

Human beings tend to change their behavior at the precipice. It takes a lot before the motivation to change is stronger than the motivation to stay the same. Inertia is a powerful force. And even when we do gain a sense of urgency to change, that urgency tends to be a catalyst and not a sustainer. Unfortunately, many people are crisis-activated.

If you think about it, not showing up and following through represents a pattern of avoiding effort. Integrity requires a consistent pattern of allocating effort. Infrequent bursts of effort are a clear indication of an integrity problem. In the final analysis, the act of showing up and following through is a gift of integrity we give ourselves and then give to others.

Help Others Have Integrity

In most organizations the ethical conduct of leaders follows a normal distribution curve. There are highly ethical employees at one end and highly unethical employees at the other. The rest of the population "occupy morally," as novelist and poet Thomas Hardy describes in *Far from the Madding Crowd*, "that vast middle space of Laodicean [half-hearted] neutrality which

lay between the Sacrament people of the parish and the drunken division of its inhabitants.”³⁴ What an organization and its leaders decide to do with that middle space often determines the organization’s success.

An organization’s ability to show integrity comes from uncompromising and deeply socialized values. It is a culture of ethical behavior that allows an organization to consistently keep its promises to its stakeholders over the long term, and keeping promises is the essence of high performance. Warren Buffett said, “Culture, more than rule books, determines how an organization behaves.”³⁵

When leaders get serious about competing on values, the organization gets serious about competing on values. It develops a fine-tuned moral sensitivity that becomes imbedded in the culture. Over time employees who do not agree or cannot abide the values leave. Meanwhile those who stay begin holding their leaders to a high standard of integrity. If they misstep, the employees will not wink.

Bob Moritz, the US chairman and a senior partner at PricewaterhouseCoopers, illustrates the point: “If I were to say something that appeared to conflict with PwC’s stated values, it could go viral, and my credibility would be shot.”³⁶ That is an incredibly good thing—a culture that holds its leaders accountable. How does it happen? It happens when leaders model ethical values long enough that those patterns of behavior become the prevailing norms of the organization.

The challenge today is that organizations recruit, hire, and onboard a higher percentage of employees who arrive with no moral compass, who do not self-govern, which makes the organization only as good as its control environment and system of corporate governance. Eventually, there is a breakdown in the system and a scandal on the way.

Protect Principles and Values

Think about this question: What is Google built on? The answer should give us clues about how desperately organizations need integrity. Of course, there is no perfect organization in the world, no complex adaptive enterprise that has the capacity to neutralize all competitive threats all the time. But Google is one of the best.

Is Google built on its proprietary technology—that original kernel of code developed by founders Larry Page and Sergey Brin that became Google’s proprietary Internet search algorithm? Is it built on Google’s mission to “organize the world’s information and make it universally accessible and useful”? Is it built on Google’s values as laid out in its Code of Conduct, at the core of which is the mantra *Don’t be evil*?³⁷ The answer is yes. All three contribute to Google’s success and competitive advantage. But there’s an important issue here that relates to the useful life of these elements. At some point Google’s current strategy will become fully amortized and have to change. And its mission? That could change, too, if Google decides to apply itself to other kinds of businesses. What about its values? Will it ever throw out *Don’t be evil*? That would be catastrophic.

In early US history, we find a curious parallel between building a house then and building a modern organization today. When homesteaders pushed out the western frontier, they would find a fertile spot of land, build their homes, and settle until the prospect of better land, better conditions, and a brighter future appeared. Before they hitched their wagons and got back on the trail, they would burn their houses to reclaim the nails. The hand-forged nails were rare and valuable, a precious asset they could not afford to leave behind.

Regardless of the brilliance of your strategy, the magnetism of your vision, the soundness of your execution, and the intimacy

of your customer service, next to the inherent worth of human beings, a company's principles and values are its most precious asset. In time everything else will be discarded. Inevitably, strategy will reach the end of its useful life. How you create and deliver value will change, as well as all the scaffolding that supports it. Your systems, structure, processes, practices, roles, responsibilities, and technology are configurable parts. It's all perishable, with one exception: fixed principles and core values. They must stay.

Principles and values are the basis of making and keeping promises to employees and customers. They provide assurance, confidence, and trust out of predictive understanding.³⁸ They are the last and enduring source of value. When they go, everything goes. When an organization abandons its principles and values, it removes its moral infrastructure and collapses under its own weight. Too many leaders and too many organizations are compelled to "learn geology the morning after the earthquake," as poet and essayist Ralph Waldo Emerson once noted.³⁹ The epitaphs of many failed organizations read *Died of self-inflicted wounds* because everything was negotiable.

Nothing about an organization's strategy or business model is sacrosanct. But there must be a cutting point between principles and values and everything else. They represent precious, freestanding assets that must be independent of strategy. They provide continuity and identity when everything else is expendable. They represent the core element of the culture and the unchanging soul of the organization.

Cases in which leaders have successfully remodeled an entire enterprise represent organizational change in its comprehensive and supreme category. We learn from these cases that retaining principles and values during the process of change is not only possible but necessary to provide an anchor. Ironically,

perhaps, organizations with the strongest principles and values often have the highest adaptive capacity because people attach themselves to them and understand that everything else is on the table. If you want to keep your promises, burn the house when it's time to reinvent the company. But save the nails.

INTEGRITY: SUMMARY POINTS

Society is immoral in its feigned attempts to be amoral.

We have an integrity problem because the triangle of socialization is broken and we have embraced moral relativism.

You will constantly be tempted to engage in ethical misconduct.

Integrity depends on fixed principles and moral values.

Model, teach, and defend integrity. You cannot be neutral.

You are responsible for:

- ◆ *Your values, attitudes, beliefs, and desires*
- ◆ *Your actions and influence*
- ◆ *The consequences of your actions and influence*

To avoid the slippery slope, avoid the first justification.

Be consistent in showing up and following through.

Creating a culture of integrity allows the organization to keep its promises.

When it's time to abandon your strategy, do not abandon your principles and core values.

Integrity is a source of personal and organizational competitive advantage in the twenty-first century.

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