



Leadership in the Age of Dilemmas

by

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1. Introduction

I'm grateful to the Exeter University for appointing me a visiting professor to its Centre for Leadership Studies. This is a special honour for which I'm deeply grateful; all the more so, given the Centre's acknowledged reputation.

Failure of a large majority of Programmes on corporate renewal first led me to look at the role of leadership

Today, I would like to narrate my own journey with the subject of leadership and in the process suggest ways in which we as a country can improve the quality of our leaders in all walks of life.

My interest in leadership started in 1995 when I was engaged on a major research study on why so many programmes on corporate renewal initiated during the recession of 1990-92 had failed dismally. At that stage, the success rate was below 10%.

Our investigation identified a number of contributory factors, the key being *ineffective leadership*. Many organisations were seeking to change their operating structures, business cultures and employee behaviours.

When one looked at the totality of their actions, they were tantamount to a massive re-engineering of the '*engine room*' of a large ship. Yet, only 30 out of 368 organisations had addressed the obvious question: namely,

'do we have a captain and senior crew who have the skills, values and shrewdness needed to navigate the upgraded vessel through stormy seas?'

So, I was asked by a number of very large City institutions to undertake a research study with a two-point remit to find out:

- ◆ what skills today's and tomorrow's leaders need in the aftermath of the most extensive restructuring in the UK plc in the post-war period;
- ◆ and how could we develop those skills in order to face the challenges of the new century.

The study involved surveys and interviews involving 60 outstanding business leaders and their senior directors who were responsible for leadership development inside their own organisations.

The results were duly published in a report entitled, *Leading People*. It was well received on both sides of the Atlantic and, I'm pleased to admit, generated a huge amount of consultancy work for me and my colleagues!

Martin Taylor, who was then chief executive of Barclays and is now chairman at W H Smith, wrote the foreword to the report. In it, he said:

So, I published a report on how to develop leaders, which was well received on both sides of the Atlantic

In the meantime, the world had moved on...

...and I soon realised that I had left out an important aspect from my work: namely how leaders can resolve dilemmas

“the study produced practical ideas on how to develop leaders who can reconcile the diverse aspirations of the market place and the workplace, of shareholders and the wider society alike.”

Naturally, I was delighted with such a fulsome endorsement. But, over time, as I got more and more involved in formal leadership programmes and in one-to-one coaching, I came to realise an important omission in my work: it was the same omission that I am sure most of you have found in countless books, research studies and reports on leadership produced in the last decade.

This related to the *acute dilemmas* that leaders face as they seek to reconcile the diverse aspirations that Martin Taylor referred to. More specifically:

- ◆ what is the nature of the dilemmas that leaders at all levels face everyday?
- ◆ why have these dilemmas increased so rapidly in the last ten years?
- ◆ what can we do to prepare leaders to face such dilemmas?

These are the questions I would like to pursue in the rest of this paper. But before then, let me outline the model of leadership which emerged from the survey and the interviews that I had carried out. It will provide the backcloth against which I can consider these three questions.

2. The Leadership Model

As our society has become more inclusive, the number of stakeholders has multiplied

The model that was proposed in *Leading People* is not based on the *great man or woman theory* of leadership; quite the reverse.

The model rests on the view that our society is becoming more *inclusive* due to the combination of four factors:

- ◆ *globalisation of business*, which has opened up opportunities for talented individuals irrespective of their race, colour, gender and social class
- ◆ *new legislation from Brussels as well as Westminster*, which provides citizens ever more protection from economic, social and environmental abuses
- ◆ public programmes like the New Deal and Young Enterprise, which are enabling disadvantaged groups to enjoy the benefits of rising prosperity that the longest economic recovery has produced, and
- ◆ *the information revolution*, which has added transparency and accountability to what organisations do in private and public sectors alike. It has also raised social expectations by enabling people to compare their lot with groups they normally wish to emulate.

Indeed, some of these stakeholders only come into existence in a crisis, as Huntingdon Life Sciences found out so painfully

There are other factors as well. However, these four are enough to enable me to make the point that not only is the term ‘stakeholder’ more widely used in everyday language now than 10 years ago, but it is also manifested ever more in our everyday lives.

As an example, those of you who have followed the goings on at Huntingdon Life Sciences will know that a number of stakeholders, many of whom had no direct dealings with the company, served to bring about its down fall.

The collapse started with a Channel 4 programme on 26 March 1997 when the company’s share price stood at a record level.

Aptly titled, *It’s a Dog’s Life*, the programme did not distinguish between isolated wrongdoings and systematic officially sanctioned cruelty. In it, experienced staff were shown using brute force to restrain a nervous dog. In spite of all their training, they seemed unable to perform a procedure with a syringe without causing pain to the animal. There were also incidences where the staff falsified the data from experiments.

By all subsequent revelations, such incidences were few and minor. But they gave massive ammunition to the Animal Rights Movement which had always opposed the use of animals in scientific tests. I shall return to this example later on.

As our prosperity increases, there is more to protect. This creates new dilemmas...

But the point I want to make now is that as the crisis unfolded, HLS realised that its stakeholder network extended well beyond:

- ◆ *its blue chip customers*, who were world’s leading pharmaceutical companies, and
- ◆ *its blue chip shareholders*, who were major City institutions.

The network included a variety of entities that the company had previously regarded, at best, as passive. In fact, the organisation which has been credited with causing the company’s downfall, *Stop Huntingdon Animal Cruelty* (SHAC, for short), did not even exist at the time of the programme. It was formed some two and a half years later in November 1999.

...not of the right vs wrong kind, but of the right vs right kind

The HLS case study helps me to emphasise two points: that leadership is about reconciling the aspirations of different stakeholders; but the art of reconciliation is far from easy. It involves coping with dilemmas where it is not a matter of choosing between:

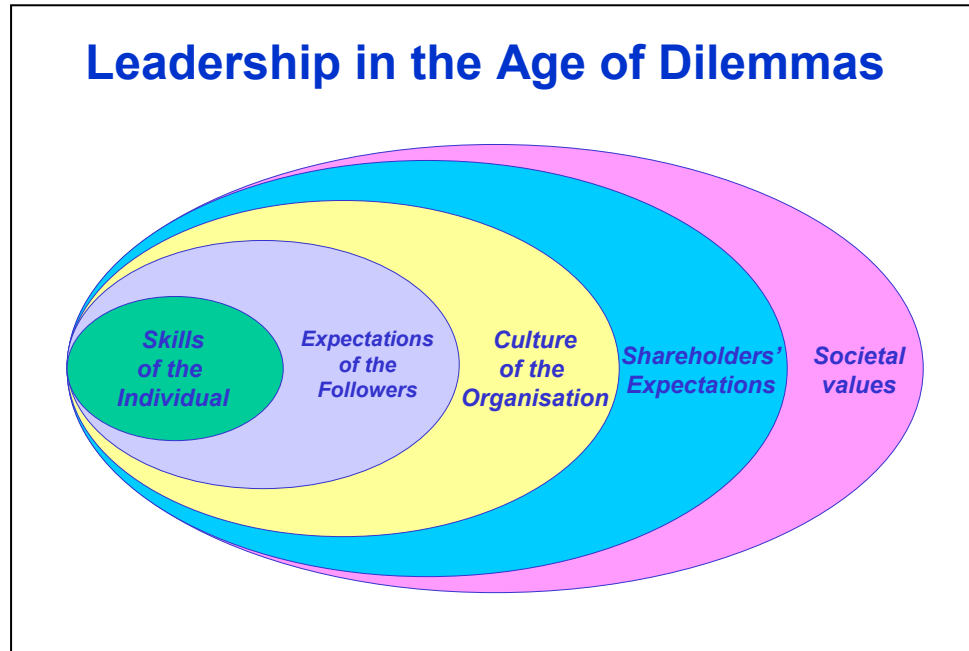
- ◆ right vs wrong, but
- ◆ right vs right.

Let me take these two points in turn.

The task of leaders is therefore to reconcile legitimate but diverse aspirations of...

In today's environment, creative leadership is about managing effectively the inter-relationship between five factors (*figure 1*):

Figure 1



a. Skills of the Individual

A number of skills have been identified, which I shall return to later on. The main point is that these skills are fundamental to setting the vision, getting the buy-in from all the relevant stakeholders, building teams who can implement that vision, and being accountable for the results.

b. Expectations of the Followers

...their followers...

As the knowledge content of work has increased progressively, our organisations have increasingly recruited more educated and trained people. The proportion of what are called *knowledge workers* has gone up markedly across every economy in Europe, although the rate has varied between different industries.

These people are highly individualistic and not easy to motivate. Leaders need to know how to motivate them and other categories of workers in a climate of rapid change. In any case, for most people, change is usually

intrusive and painful: as one leader put it *'the only person who likes change is a baby with a wet nappy'*.

That means responding to employees' inner concerns and emotions by answering, in practical terms, the four most frequently asked questions by individuals at today's workplace, namely:

- ◆ where's our organisation going?
- ◆ do we have the leaders to take us there?
- ◆ how will it affect me, and
- ◆ what's in it for me?

c. Culture of the Organisation

...within the setting of their own business culture...

The high performance culture that most organisations aspire to achieve in today's unforgiving marketplace is based on values like integrity, teamworking, openness, respect for the customer, passion and empowerment, to name but a few.

Leaders must not only espouse these values but live and breathe them, thereby providing the best role model whenever possible. Unless leaders set an example, business values are doomed to vacuity.

In today's most admired companies, leaders have ensured that their business culture has three traits: it is evangelical in fervour and egalitarian in status; it encourages the view that knowledge is only power when it is shared, it is not power otherwise; and the culture offers personal recognition – and a safety net – to those people who think and act outside the box.

d. Shareholders' expectations

...their shareholders...

This factor applies to private sector organisations.

With the collapse of the Berlin Wall, the pendulum has swung in one clear direction: we have seen the *'advent of the shareholders first capitalism with vengeance,'* as one leader put it.

...within the setting of global markets...

Globalisation has opened up huge investment opportunities for shareholders: capital is truly mobile now. That means that leaders need to generate acceptable returns for investors, most of whom are large pension funds seeking to earn decent returns for today's and tomorrow's retirees.

There is, however, a growing concern on both sides of the Atlantic that shareholder power has grown disproportionately in the last decade, to the detriment of the longer term interests of the organisations in which they invest and the wider societies in which they operate. The task of the leader is to influence and manage these expectations. This is extremely difficult, as many of you in the audience know all too well.

e. Societal Values

*...and the communities
in which they operate*

In Western countries, there is a growing disconnect between the developments at the workplace and in the wider society.

Specifically, there is a seeming lack of balance in a number of areas like, for example:

- ◆ work and life
- ◆ money and non money rewards
- ◆ community life and naked competition, and
- ◆ economic growth and environmental damage.

*To reconcile these
diverse aspirations,
leaders need numerous
qualities to cope*

These imbalances are already being voiced widely, not least by customers, as was blatantly evident in the case of the Brent Spar debacle suffered by Shell some five years ago.

Leaders need to understand that, more than ever, their employees are influenced by the emerging values in wider society: merely aligning their business values to shareholder interests will result in an alienated workforce.

Few people go to work to make their shareholders rich: there is a sense of higher calling in most of us. Leaders need to harness that at the workplace.

So, the model of leadership is about an interaction between these five factors. It clearly expects a lot of today's and tomorrow's leaders.

In our research, we asked leaders what specific qualities would help leaders to have a successful interaction. They identified a large number of such qualities (*figure 2*) of which some, like *uncommon sense*, which are not even in the dictionary!

They included vision, passion, persistence, empathy and accountability, amongst many others

Figure 2



What really encouraged me was that we have many leaders in our midst who have the five key qualities which were regarded as vital by a vast majority: namely, *vision, passion, persistence, empathy, and accountability.*

However, as I got more and more involved in leadership coaching, I realised that these five key words are relevant in situations where leaders have to make choices between right against wrong. They were certainly far more relevant in the climate of mid-1990s where leaders were concerned about motivating their organisations' employees in a period of exceptional change. Or in the climate of 1980s, when greed had emerged as a major concern in the enterprise culture of the Thatcher era.

They were especially relevant when dilemmas involved right vs wrong choices

But according to our latest research, due to be published later this year, these key words are no longer enough when the choice that leaders have to make is between right vs right.

I see the Brent Spa debacle as one of the turning points.

You will recollect that Shell had obtained Government approval to dispose of this decommissioned platform somewhere safe in mid-Atlantic. But Green Peace waged a vigorous campaign, leading to a customer boycott in countries like Germany and the UK. This forced Shell to resort to a much

more expensive option. Two years after the incident, Green Peace admitted that it had engaged in a campaign of misinformation. But that was too late for Shell. It had lost the argument.

In my new research, other words figure just as prominently (*figure 3*): words like vigour, vigilance, confidence, imagination, boldness, shrewdness, determination, chameleon and cunning. Is it a coincidence that these are the sort of words that Machiavelli cites frequently in his book, *The Prince*? I shall return to this point later.

For now, it is worth noting that such words have a more political connotation. To me, they reflect two important inter-related trends in our economy and society in the last five years.

Figure 3



But increased social inclusion has required additional qualities...

...like vigour, vigilance, confidence, imagination, boldness, shrewdness, determination, chameleon and cunning

First, we expect a lot of our leaders, especially those leaders who are constantly in the limelight. And if they can't deliver, they are out. For example, the average tenure rate of chief executives in Ftse 250 companies was 8 years in 1987. Today, some 15 years later, that figure has halved. Last week I heard about a reduction of similar magnitude in the shelf life of chief executives in local government! Clearly, leaders have ever a shorter time span in which to deliver, both in the private and public sectors.

This is because increased social inclusion has not only created numerous pressure groups, but it has also given huge power to the media...

Second, as I argued before, our society has become more inclusive. I'm not for a minute saying that we have tackled all the social problems in the

UK. But we now probably have more pressure groups than ever before and, through the power of an ever vigilant media, they have an increasing influence on decisions made by leaders at all levels in organisations in all sectors.

For example, by targeting the staff of Tesco, the Animal Rights Movement was able to influence decisions at HLS. Why Tesco? Because Tesco had an alliance with the Royal Bank of Scotland who, in turn, had a banking relationship with HSL that was inherited when the RBS took over the NatWest Group.

Such supply chain linkages make it difficult for managers and leaders to make decisions that are in the sole interest of their immediate stakeholders. For, as the outcry spread from the TV screens to the tabloids, even the Home Office weighed in and withdrew the licence to perform tests. This was despite the fact that, in the immediate aftermath of the TV programme, its inspector had reported categorically that the company was in full compliance with the regulation.

What HLS did and what it should have done are interesting questions. But I give its example to highlight an important point: dilemmas have always been with us since the dawn of civilisation. But they have become more acute. As a senior official from Monsanto said recently in a debate on genetically modified foods:

“With increased prosperity, we have become more protective of our rights, our lives, and our environment.

The safer our lives have become, the more we worry about them. This allows the media to turn any incident into a major story.”

Colin Merritt
Monsanto UK Ltd

And the media know it. So they play on our fears, more often than not without hard evidence. As perceptions come to describe reality, truth becomes the first casualty. Dilemmas abound; providing leadership in this situation becomes a near impossibility, as the following two quotes show:

“The public will always believe a simple lie rather than a complex truth.”

Alexis de Tocqueville
1805-1859

“Everything you read in the newspaper is absolutely true except for the rare story of which you happen to have first-hand knowledge.”

Erwin Knoll

...And the media has exploited that power, not always legitimately and fairly

That takes me to my second question: *what is the nature of these dilemmas that I refer to?*

3. Beyond Inspirational Ethics

So, the task of resolving the fast emerging dilemmas has not been easy for leaders

Quite simply they go beyond the realm of inspirational ethics.

When confronted with dilemmas, our natural instinct is to do what a vast majority of leaders have always done: namely, follow the law, or put shareholder interests first, or consult the corporate mission statement, or resort to the core values of the organisation. Of course, each of these solutions has some relevance and they aren't mutually exclusive.

But they float seamlessly above the messy complicated, conflicting dilemmas which leaders must resolve, usually with too little time and information. More often than not, these solutions are no different from throwing a 5 foot well braided rope to someone who is drowning 20 feet away!

To use Jean-Paul Sartre's phrase 'Leaders have had to dirty their hands'

All of us face dilemmas everyday. They are sometimes called '*dirty hands*' problems. The label comes from the title of a play by the French philosopher Jean Paul Sartre.

His play involves the veteran leader of an underground unit of the Communist Party and a young idealistic party member. When the young man accuses his leader of compromising their party's ideals in making a deal with their reactionary political opponents, the leader replies with a question that resonates with leaders at all levels in today's organisations everyday.

"Do you think you can govern innocently?"

Only the naive believe that leaders can avoid getting their hands dirty.

Leaders are finding that managing co-operation amongst human beings destroys some people morally just as surely as a military battle destroys them physically

Those of you who have read Nigel Nicholson's admirable book, *Managing the Human Animal*, will realise how difficult human beings can be: our genetic make-up is hard wired to engage in conflicts in the interest of self protection and preservation. Often we find that maintaining co-operation amongst human beings destroys some people morally just as surely as military battle destroys them physically.

Textbooks on management start with the assumption that human beings are rational; but experience teaches us otherwise. For some would say that human beings resort to rationality after they have exhausted all other possibilities! This is a rather unflattering view of ourselves. But, I'm merely emphasising the point that conflict is endemic to human societies.

When individuals are bestowed with new rights, as they should be as our society becomes more progressive, the scope for conflict expands.

Teachings of wise men don't help much in this context because they do not focus on right vs right dilemmas...

In order to resolve it, leaders can consider inspirational ethics passed down to us by great teachers like Moses, Jesus, Buddha and Mohammed. But they offer not much help because they ignore the problem of 'dirty hands'.

Specifically, inspirational ethics help enormously when the conflict is between *right vs wrong*. No wonder, some of the greatest leaders that the world has produced - like Mahatma Gandhi, Martin Luther King and Nelson Mandela - were truly inspiring because, in their moral crusades, lines were clearly drawn between right and wrong; good and evil; justice and oppression.

In marked contrast, many of the dilemmas that leaders in all walks of life face today fall in the category of *right vs right*. We don't like to talk about them because they involve feelings of frustration, self doubt, indecisiveness, guilt and failure. It involves washing our dirty linen in public!

...the sort of dilemmas that have distinct defining moments when our own deeply held values clash with one another

For myself, many of the dilemmas that I have faced in the past 20 years as an academic, or a researcher or a board director have involved having dirty hands to varying degrees. Am I less moral for having made compromises? I, for one, don't think so. For I have also learnt that if you want to change the rules, you have to play the game first.

Be that as it may, everyone in leadership positions at all levels have what Joseph Badaracco in his latest book refers to as *defining moments*; moments when our deeply held values clash with one another to the extent that it becomes impossible to choose between two competing courses of action because both are right and legitimate.

Such moments reveal our values as well as those of the organisation we work for. They test the strengths of these values. And finally, the actions we take in the end serve to shape our future because we have created a new precedent. Indeed, on such defining moments rest the English law: for it is based on precedents which seek to combine the natural law with common sense.

In this clash, corporate mission statements are as relevant as a national anthem before international games...

The right vs right dilemmas seriously challenge us and our organisations to think about who we are, what we stand for and what regrets we can live with. In sum, they are about how we define ourselves, our companies and our communities in terms of specific human values.

Badaracco defines such dilemmas as the managerial equivalent of the game of three-dimensional chess: that is, three chessboards stacked one

above the other. One covers the individual; the second the organisation where he/she works; and the third the wider community in which he/she lives. Moving a chess piece on one board may invoke a response from any of the other two.

...and the same applies to inspirational ethics suggested by famous philosophers like...

Clearly, this is a high wire act which leaders at all levels have to perform. In it, mission statements are nice to have but they perform the same function as a national anthem before international football games.

And what about inspirational ethics?

Sadly, they too have limited usefulness in solving the right vs right dilemmas. Let me bring in two influential philosophers at this point in order to support my argument.

...John Stuart Mill...

I shall start with the nineteenth century British philosopher, John Stuart Mill. He put forward a universal principle for solving ethical dilemmas. His advice was simple: choose that course of action that brings maximum happiness to maximum number of people.

...and Immanuel Kant

The other philosopher is Immanuel Kant, the eighteenth century German philosopher. He argued that actions were correct, if they observed the moral law and if the person performing it was carrying out his/her duty.

In fact, they suggest diametrically opposite forms of actions

Subsequent philosophers have shown the contradictions inherent in both these propositions. This can be illustrated by citing the apocryphal story of a traveller named Pedro going into a village and finding that a kidnapper was holding 20 people hostage. The kidnapper says that he will kill all the hostages unless Pedro picks up the gun and shoots one of them. All the hostages are innocent people.

So, what should Pedro do?

Mill would say do as the kidnapper says because you will save 19 lives in the process. Kant will say don't do it because it is against moral law to kill anyone. Ethical discourse has thrown up numerous conundrums like this.

Let me go back to Martin Taylor's view that we need leaders who can reconcile the diverse aspirations of the market place and the workplace, of shareholders and the wider society. I have reflected a lot on this theme in the work I have done in the area of leadership coaching and I have come to two general conclusions:

- ◆ an inclusive society that we are trying to create is socially desirable but it will throw up ever more dilemmas of the right vs right kind
- ◆ grand theories in ethics may help but they may not be enough to help us resolve these dilemmas. In any case, such theories use words which

are highly normative and capable of different interpretations, depending upon the context employed by the protagonists. Consider a simple word like “*fairness*”, for example. One can think of six different definitions (*figure 4*)!

Figure 4

Definition of Fairness

- Playing by the rules of the game
- Treating everyone alike and not having favourites
- Treating others as you would want to be treated
 - Being sensitive to individuals' needs
 - Providing equal opportunity for everyone
 - Creating a level playing field for the disadvantaged

Moral : → Human values cannot be defined in a single phrase
→ Business credos are doomed to vacuity

Clearly, when we train leaders we need to equip them with tools that help them to cope with such words but also with the dilemmas associated with the concepts. Instead of looking for objective principles, leaders need to look within themselves, into their moral intuition.

How can they do this? Well, by adopting what has come to be known as “*sleep-test ethics*”. The test was inspired by Aristotle.

4. Combining the Best of Old and New

At its most basic, sleep-test ethics tells people whether what they have done is morally right. That is, we rely on our moral instincts - our inner voice - when we face difficult dilemmas. After all, when we’ve done something wrong, it troubles our conscience; we tend to sleep badly at night. Remember Lady Macbeth? She was tormented by nightmares because she and her husband had killed his opponents in order to get the Scottish crown.

...However, it is possible to apply Aristotle's sleep-test ethics which say that we stay awake at night when we do something wrong

However, one can immediately think of two problems with this approach.

But this approach has two problems

The first problem is about the fitness test: no matter how clear and heartfelt our moral intuition is, who is to say that it is sound morally? Our moral intuition cannot certify its own moral soundness.

First, who decides the moral soundness of any actions?

After all, we are reliably informed that Hitler and Stalin slept soundly at night, despite practising genocide on a horrific scale; as did the slave traders who showed absolutely no regard for the lives of hundreds of thousands of slaves who were casually tossed overboard when they fell ill on the ships that took them to the New World.

Conversely, we are reliably informed that leaders like Gandhi, Luther King and Mother Teresa had huge difficulties sleeping at night because they were deeply concerned that their actions may inadvertently violate the sanctity of human life.

Aristotle accepted the sleep-test ethics on the condition that a sound ethical intuition pre-supposes a thoughtful mature person. To him, development of an individual's character must incorporate certain values which are essential to the progress of human life. These include: courage, justice, prudence and temperance.

Second, is it enough to be ethical in a world where others are not?

All this is very well. But there is one problem with it: it pre-supposes that other human beings are as moral as we are. That leads me to the second problem.

Philosophers constantly remind us that *we tend to see the world not as it is, but as we are*. But experience teaches us otherwise. Is it enough to be ethical in a world where others are not? In any case, how do we know that we are dealing with an ethical individual? Many business leaders that I have worked with believe that the simple '*do-the-right-thing*' principle is a path to obscure martyrdom. Most human beings have the capacity to be Jekyll and Hyde (*figure 5*).

I guess my main point is *not* whether we should rely on our ethical intuitions - because I strongly believe that we should - but *how* we do it?

In turn, these two problems have ensured that Machiavelli's influence has remained strong for the last 500 years


This is where that high priest of self interest and deception enters our picture. I refer to Niccolo Machiavelli, of course. The trickery and subterfuge that he advocated were not the first or the last choice. Rather, in the world he lived in, they were the only choice. He deeply believed in Judeo-Christian principles but felt them irrelevant when the *Prince* had to defend his realm and people. They were irrelevant in a country where 55 princely states were constantly at war with each other.

Figure 5

Humans are Janus-faced

“How one lives is so far distant from how one ought to live, that he who neglects what is done for what ought to be done, sooner effects his ruin than his preservation. For a man who wishes to act entirely up to his professions of virtue, soon meets with what destroys him among so much that is evil.”

Niccolo Machiavelli
(The Prince)



His argument is that people are Janus-faced...

Have things changed much since then? Not according to 25 prominent American CEOs who attended a course on ethics with me at the Aspen Institute in the USA in 1998. Between them they had read lots of books. But interestingly for me, there were only two books that all of them had read: the first was the bible and the second was *The Prince*! These CEOs saw today's mergers and acquisition battles in the same light as princely states did as they scrambled for political power in order to sustain their power dominance.

...so, one must only judge the actions of others by their outcomes, not by the sincerity of actions

Machiavelli believed that successful leaders must see the world as it really is, not as they are. A talent for understanding what facts and events mean to others is especially valuable when we confront difficult issues. People are Janus-faced, so his argument runs. One should, therefore, only judge the actions of others by their outcomes, not by the sincerity of their purpose.

There is much in *The Prince* that one finds distasteful particularly as it delves into the merits of deviousness. Yet it remains a highly influential book. I have asked numerous business leaders participating in our research as well as countless students across the world why Machiavelli retains so much fascination some 500 years after his time. They have come up with five reasons.

Machiavelli's influence rests on a number of insights he offers...

First, leaders who want to succeed must see the world as it really is, not as they are. That means accepting that humans have conflicting emotions at different times. That is the way we are hard wired.

Second, don't confuse high morals with success. For success means having a strong and prosperous organisation. That means the ethics of outcomes are far more important than the ethics of input: that is, what we achieve matters more than how we achieve it.

...the main one being that leaders must see the world as it is, not as they are

Third, watch your adversaries: don't over-estimate their ethics, or underestimate their power. No wonder Machiavelli prefers fox to a lion. The lion roars and once in a while achieves something big. But he also gets trapped easily; and U-turns are especially hard for him. The fox, on the other hand, is stealthy, sharp and quick. He is master of nuance and manoeuvre. He is also comfortable with circuitous path, waiting patiently, watching astutely and then goes for the opportunity.

Fourth, Machiavelli also reminds managers that they cannot simply define their company's role in society. This has to be earned through complicated manoeuvres, sometime being the lion, but more likely, the fox.

This is not to condone many of Machiavelli's repulsive ideas...

Fifth, as the author of that famous book, *The Road Less Travelled*, put it succinctly on the first line, *life is difficult*. For many leaders, life at the top ain't easy: it is lonely and competitive. The rewards are high but so are the risks. Not many people actually succeed.

So, managers and leaders can be forgiven for drawing comfort from Machiavelli from time to time, if only to develop insights into the motives and manoeuvres of their opponents. Please note that I am neither condoning nor condemning these reasons. I present them as they have emerged in my research.

...but to emphasise that his views are in line with the chaos theory which has a wide applicability

But if I have to offer any defence for these reasons, then let me say that in my view, Machiavelli was the forefather of the familiar modern *chaos theory* which leaders are all too familiar with.

This postulates that most business outcomes are not pre-determined. Instead, they arise from iterative actions of the individuals concerned. Each iteration produces a unique situation. Hence the key is to exploit opportunistically the results arising at each iteration. This fits in well with the theory of lateral thinking.

As power in our society has become more and more diffused, chaos theory now appears to reign supreme.

It argues that business outcomes are not pre-determined, but they occur as a result of opportunism by certain parties at each turn of events

This is in marked contrast to what many management books teach us, namely, that leaders should:

- ◆ set the vision
- ◆ get the buy-in from everyone inside the organisation
- ◆ implement the action plan and
- ◆ monitor the results.

As we all know, the unexpected always happens. The world is not as linear and predictable as most management books often imply. When once asked what was his biggest worry as Prime Minister, Harold Macmillan replied:

“Events, dear boy, events”.

It was events that conspired against the journey of the greatest visionary ever, Moses, when his people had to journey for 40 years before they reached the Promised Land. En route, a lot happened that was unexpected. For me, the most awesome part of Moses’ story, as told in the Old Testament, is when he came down the mountain with tablets listing the famous Ten Commandments.

Whilst he had been gone for 40 days, his people had gone back to idol worshipping. And when he returned, he saw them worshipping the golden calf. His fury had no bounds: he dropped the tablets and promptly sentenced some of the worshippers to death by stoning.

...as was evidenced in that great story about Moses when he set out to lead his people to the Promised Land

This, despite the fact that one of the Ten Commandments said clearly that “though shall not kill.” Here was an acute example of *right vs right*.

Moses was right to do what he did because he believed that these people had violated the sacred covenant they had made with God in return for being treated as the ‘*chosen people*’.

In turn, they believed that they were right because they had suffered a lot of hardships on their journey and their natural instinct was to return to Egypt and to their old ways of servitude and worship. These offered them comforts - material and non material - which life in the harsh desert had signally failed to deliver.

Maybe my understanding of the Old Testament is incorrect. Nor do I wish to imply the slightest disrespect towards Moses, who was unquestionably one of the greatest positive influences on human civilisation.

My point is two-fold, though: first, few well laid plans survive reality and second, every visionary since Moses has had to confront the right vs right decisions. Whether one welcomes this development is another matter.

I, for one, don't. To me, the chaos theory is a great nuisance: it's caused me a lot of problems in the past.

*In today's world,
Machiavelli is alive
and well because he
enjoins us to play
clever politics which
many leaders do
successfully*

All I'm trying to do here is to describe reality through the eyes of leaders I have come across in my research or the ones I have coached.

However, that has not deterred me from thinking hard about why Machiavelli's influence has persisted for so long despite the fact that our legal systems and our personal values have increasingly masked the darker side of human nature since the *Age of Renaissance* in Europe. And I have come to two conclusions.

First, the key insight offered by Machiavelli to leaders is that life is never easy and they have to play politics from time to time to achieve their objectives.

But, to be fair to him, he has also left open the possibility that one can play two kinds of politics:

- ◆ the *devious politics* that relies on guile and deception;
- ◆ or *clever politics* that requires having sharp antennae, knowing and using the key influencers, having allies who can stand by you in good and bad times, and looking out for the right information before making difficult choices.

In my experience, most leaders choose to play clever politics. There is nothing that is inherently immoral about it.

Interestingly, Christopher Cliff, the former CEO of HLS, has argued that in retrospect that is just what he should have done:

“What are the lessons of HLS?”

“I now recommend that at the first whiff of crisis, companies should seek publicity and not secrecy. Communicate from the outset using the media. Rather than concentrate on knocking down the allegations of your accuser, promote your strategies, objectives and achievements.”

*Another reason why
Machiavelli's
influence – benign or
mischievous – persists
is because we do not
prepare our leaders
to cope with right vs
right dilemmas*

To what extent one can implement his recommendations and by-pass Machiavelli I am not sure. At any rate, where devious politics end and where the clever one begins depends on the context.

Certainly, Cliff argues that we should see ourselves as the world sees us, and this is a very important Machiavellian lesson.

He goes on to say in his FT articles that, at the outset of the crisis, he felt very isolated but believed that truth would triumph in the end. Instead, what happened was more betrayal and cowardice. Friends of the company

who had benefited over many years from the company spoke against it. Even, the Government suddenly judged the company by new guidelines and abandoned procedures that it had accepted for many years.

The second conclusion that I have come to is that, if the Machiavellian influence persists - whether in benign or mischievous form - it is because we do not prepare our leaders to cope effectively with right vs right dilemmas.

Leadership programmes of many Business Schools as well as those produced in-house in a vast majority of organisations that I am familiar with, do not always focus on ethics. And where they do, the emphasis is on resolving the *right vs wrong* dilemmas. In contrast, the *right vs right* dilemmas receive no more than cursory mention, at best. As I mentioned earlier, we are all reluctant to talk about times when our hands got ‘dirty’, as characterised by Sartre.

That takes me to my third and final question: *what do we need to do to better prepare leaders to resolve the right vs right dilemmas?*

The Way Forward

So, we need to do three things

My list is long. But in the limited time I have, I want to highlight my top three items (*figure 6*).

Figure 6

The Way Forward

Key Actions:

- Play down the role of modern management theories
- Help leaders to develop ‘trained intuition’
- Expose leaders to the writings of philosophers

Remember, dilemmas are like confessions. They need:

- a personal space for questioning one’s beliefs and values
- a risk free environment for voicing doubts and worries
- a dialogue that sparks genuine inspiration

First, let us reduce the importance of modern management theory in leadership programmes, and instead, expose our tomorrow's leaders to the writings of classical philosophers like Aristotle and Nietzsche because they have a lot to teach us

For example, Aristotle's 'golden mean' is all too relevant when one looks at the spectacular falls of people like Jacques Nasser and Percy Barnevik...

...or companies like Enron and Marconi

First, I feel that we should learn from early philosophers at least as much as we do from modern day management theorists, if not more. A recent poll amongst academic gurus showed that no new insights have been offered in the countless books published since Mintzberg's classic on the rise and fall of strategy back in the early 1970s.

I don't want to labour this point because I am conscious of the fact that this may be a highly biased view. I don't necessarily subscribe to it myself. But after training and coaching over 5,000 managers in more than 15 national cultures since 1996, I have come to the conclusion that these tortured souls have a lot to learn from many classical philosophers.

There is not enough time to list them here. But as an example, let me once again single out Aristotle.

To me, his principle of the "golden mean" is the key to tempering Machiavellian expediency with a healthy dose of ethics. In this quote, he advocates moderation, circumspection and restraint. It seems as if he favours the ethics of accountants over those of visionary heroes because he genuinely believes that excess or deficiency could destroy moral qualities in an individual.

Percy Barnevik in Sweden, Jean-Marie Messier in France, Lord Hanson in the UK and Jacques Nasser and Jack Welch in the USA are recent examples of business leaders whose fame rose spectacularly, only to fall even more spectacularly. They were the victims of their own excesses.

To Aristotle, compromise and empathy are at the heart of sustainable social advancement: and I deliberately emphasise the word *sustainable* because, too often, we see that grand ideas produce no more than temporary gains which are soon followed by lasting pain (*figure 7*).

We see this in politics: remember the poll tax fiasco under Baroness Thatcher? Do you remember what it did to hasten her most unpredictable fall?

But we also see similar examples in other walks of life. Look at companies like Enron and Marconi: in pursuit of untold riches for their directors and shareholders, both companies made tragic errors, in fact, bordering on criminality in the case of Enron.

The best advice Aristotle would give us is that we should avoid extremes of positions as well as points of no return in *right vs right* dilemmas. In other words, if life ain't that simple, don't get boxed into a tight corner, not as a general practice, anyway; not unless you want to be branded as a Kamikaze pilot!

Figure 7

The Golden Mean

“It is in the nature of moral qualities that they are destroyed by deficiency and excess, just as we can see in the case of health.

For excessive and insufficient exercise destroy one’s strength; and both eating and drinking too much or too little destroy health.

So, it is the same with temperance, courage and other virtues.

The man who shuns and fears everything and stands up to nothing becomes a coward.

The man who is afraid of nothing at all, but marches up to every danger, becomes foolhardy.”

Aristotle (The Nichomachean Ethics)

So, the question for today’s and tomorrow’s leaders is quite simply this: *how can you be an Aristotle in a world full of Machiavellis?*

This should not be difficult. After all, the Aristotelian view of the world is deeply ingrained in us. All of us - whether duke or dustman - have a sense of higher calling inside us.

The second thing to do is help the leaders to develop trained intuition

That takes me to the second item on my wish list: we should do our best to help today’s and tomorrow’s leaders to develop what one might call *trained intuition*. This is something that enables them to become more instinctive about:

- ◆ what is right and wrong,
- ◆ why perceptions differ from reality;
- ◆ why facts can’t obscure the truth; and
- ◆ why individual interest can’t be pursued in isolation from community interests.

To me, trained intuition comes from a number of sources like the genes we inherit from our parents and our early upbringing. These provide the rootstock for further growth.

The leaders I have admired most have developed a keen intuition from their role models in their formative years. Such role models were mostly parents, teachers and historical figures, like Sir Winston Churchill and Ernest Shackleton.

Thereafter, these leaders have been helped by:

- ◆ having good coaches and mentors at the workplace with whom they can have risk free conversations about dilemmas
- ◆ hearing the ‘*warts and all*’ stories of people who had to resolve difficult dilemmas
- ◆ having unusual experiences which have taken them to the wire when they were least expecting it, thereby giving them deeper insights into their emotions and deeply held values, and
- ◆ readings from classical philosophy and looking at the world through the eyes of different philosophers.

In the UK, we have successfully incorporated the first of these elements in the leadership programmes in the private and public sectors. There still remains an aversion towards the adoption of the other three elements on a notable scale. Let me take them in turn.

First, the only ‘*warts and all*’ stories one frequently hears are from sports heroes like Steve Redgrave, Ian Botham and Will Carling. They are, of course inspiring. But they are somewhat removed from the dilemmas that leaders encounter every day.

When it comes to unusual experiences, organisations are still reluctant to engage in things like regular lateral transfers of their leadership pool because it is expensive. Yet we know from the life story of widely admired leaders - like Sir Brian Pitman, until recently the Chairman of Lloyds Bank, or Lord Browne, CEO of BP - that they had a lot of job changes in the early part of their career. This gave them an understanding of the ‘big picture’ of their respective company as well as empathy towards people engaged in diverse core processes.

We also know that organisations are reluctant to encourage their high potential people to engage in community work. It smacks of social engineering. Yet leaders like Hilary Cropper, Chairman of Xansa and Philip Watts, Chairman of Shell, firmly believe that it is an essential part of personal development. As one of them put it:

“if you can get inside the skin of a sixteen year old in Hackney and influence him without the advantage of rank and status, you can be a great leader.”

Finally, teach more philosophy alongside the tools of strategic planning and people management

Finally, at any stage in their learning, we do not expose managers and leaders to the works of great philosophers on anything like the scale that is warranted. Instead, we equip them with tools of strategic planning and people management that presume that the issues they will confront are akin to the ones sorted out everyday by car mechanics or plumbing engineers!

In arguing for this new emphasis, I do not seek to belittle the importance of other avenues of leadership, like, for example, classroom training, stretch assignments, and distance learning. They are all important, of course.

But dilemmas can be like confessions. They require:

- ◆ a personal space in which individuals can question their beliefs and feelings,
- ◆ a risk free environment in which they can voice doubts and worries, and
- ◆ a dialogue that sparks genuine inspiration.

After all, dilemmas are about self examination, empathy and reflection. All these are essential for understanding and resolving *right vs right* conflicts. In today's pressure cooker environment, in which we all work, how much time do we have to engage in this triple task? Not much, I hasten to add.

Much of what we teach on leadership courses in the UK has very limited value

So, let me end where I began: my own journey in the field of leadership. Quite simply, it has led me to rethink the leadership model and accord a central role to the resolution of dilemmas.

It has also made me realise that much of what we teach our students in leadership classes has a limited impact on their personal effectiveness. That is because we rarely discuss the dilemmas that leaders face and how they cope with them.

We also do not talk about the inspiration that leaders can draw from the writings and experiences of great philosophers and prophets.

In the race to keep up with the latest management fads, we regard classical writings as irrelevant. In our classrooms, we talk about strategic thinking without once referring to the emotions of the people at the coal-face who have to convert our ideas into results.

So, I would like to end this lecture by making two simple pleas.

Let's get back to basics of human life which has always been fraught with dilemmas. The highly depersonalised theories of famous business gurus like Milton Freedman, C K Prahalad and Gary Helmel satisfy nothing more than intellectual curiosity amongst the vast majority of their readers.

And that is their real worth. They do little to help leaders cope with day to day dilemmas: they see a real life business, not as a messy indeterminate place of chaos theory, but as a pristine laboratory where cause and effect are well defined.

We need a new curriculum and a new approach.

Second, let's teach classical writings which help us understand the nature of conflict and let us have more real life case examples which enable us to develop richer insights into the inner conflict that people experience, the acute moral dilemmas they wrestle with.

I would like to conclude by emphasising that unless we do this, I am afraid that Machiavelli's influence will remain pervasive. The Centre for Leadership Studies at Exeter University can set the same example as the Aspen Institute has done in the USA: namely, put these philosophical and real dilemmas at the heart of the curriculum. In the years to come, in my capacity as a visiting professor, I shall work tirelessly towards that end.