

# EXCHANGE

An abstract painting in shades of brown, tan, and black. It depicts a face with closed eyes, where the eyelids are formed by two hands. The mouth area is a large, dark, jagged shape. The chest is a lighter, heart-shaped area with two hands placed on it. The background consists of large, angular, geometric shapes in various tones of brown and tan.

FALL 1995  
THE J. WILLARD  
AND ALICE S.  
MARRIOTT SCHOOL  
OF MANAGEMENT  
BRIGHAM YOUNG  
UNIVERSITY

CREATING  
THE ETHICAL  
ORGANIZATION

## A Shared Mission of Excellence

Several years ago, the Marriott School invested a great deal of time, discussion, and thoughtful consideration in drafting a mission statement for the school. We needed to know exactly what our goals were; we needed a sense of purpose; we needed a focus for each department and program in the school. This past year, the university and each of its colleges has been conducting a comprehensive self-study. In this context, the Marriott School has revisited the same questions that resulted in that original mission statement. We've asked ourselves, "What are we about? What is the school's central purpose?" Our discussions have led us to the obvious conclusion that the Marriott School exists for, and because of, its students.

We have determined that the school's mission must be, primarily, to help students become effective managers and leaders—in their families, in their places of work, in their communities, and in the Church. We will do this by educating students with the "ethical values, management skills, and leadership abilities needed in organizations worldwide." And we will focus on three different time frames—short-term, long-term, and eternal.

We expect to offer students an excellent education and a worthwhile experience during their time on campus. We also expect students to leave campus with the knowledge and skills necessary to achieve long-term success in career and family. Their leadership preparation will be enhanced by the *international perspective* of the Marriott School, which helps prepare them for the challenges of living and working in today's global economy; by the school's *entrepreneurial spirit*, which encourages personal industry, innovation, and imagination; and by the school's emphasis on *ethical behavior*, which establishes a strong moral foundation in management and in life. Finally, we expect to help students focus on their eternal goals by giving them a balanced, holistic experience. We will have failed in our mission if we do not provide direction toward that end.

We do not consider our job finished when students leave campus. Our mission of preparing leaders requires that we continue to offer opportunities for growth and development to our alumni. In this spirit, we recently held our first annual management conference, "Managing for Success: Business, Career, and Family," which attracted more than 800 participants. This conference promoted the commitment to lifelong learning that all individuals need in maintaining their focus on long-term and eternal goals. An impressive group of presenters—from Stephen Covey, best-selling author and consultant, to Michael Ballam, renowned opera singer and music educator—shared their knowledge and experiences with conference attendees. The two-day conference was such an overwhelming success that we are going to do an encore next summer. And it should be even better than our first effort, because we learned a great deal our first time through and will iron out a few of the unanticipated wrinkles we discovered. So mark June 20 and 21, 1996, on your calendars.

For those of you who missed the conference—and for those of you who did attend and want something more than the notes you took to help you remember the presentations—we have edited and printed in this issue of *Exchange* transcripts from three of the most popular sessions: Dave Checketts' instruction on "Negotiating With Difficult People"; Steve Young's unique perspective on "Perception and Reality"; and the ethics panel discussion with Jake Garn, Meg Wheatley, Mark Willes, and Kirk Hart. After reading these articles, I'm sure you'll wonder how we could possibly top this year's conference, but that is exactly our plan for next summer.

The management conference fits in nicely with the Marriott School's educational mission, but we hope it will also serve as a reminder that each individual needs a mission in life. Where are you going? What are your short-term, long-term, and eternal goals? What are you going to do to reach them? Stephen Covey explains in *Principle-Centered Leadership* that "a mission statement focuses your energies and lets you enjoy a sense of orientation, being, and purpose. It prevents you from being distracted and sidetracked." I invite you, then, to write your own mission statement, and I hope that the MSM mission can enhance your own personal mission as we share a vision of excellence and success.



K. Fred Skousen,  
Dean, Marriott School of Management

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CREATING THE

# ETHICAL

ORGANIZATION

Illustration by Hayes Henderson

*This is an edited version of a  
panel discussion that took place  
June 23, 1995, at the Marriott  
School Management Conference.*

**DAVID K. "KIRK" HART:** Some years ago, we at the Marriott School selected three areas in which we wished to become expert: entrepreneurship, international business, and ethics. I have some familiarity with the way ethics is taught across the United States. There is no program that is more enthusiastically supported nor as well funded as the ethics program at Brigham Young University.

Everything we do today will be in alphabetical order. So let me start to my left—not politically—with the Honorable E. J. "Jake" Garn, formerly United States senator from Utah and now vice-chairman of Huntsman Chemical Corporation. After graduating from the University of Utah in finance and banking and serving as a pilot in the United States Navy, Jake came back to Utah, where he served in the Utah National Guard

and was an insurance executive until elected mayor of Salt Lake City. From there he was elected to the United States Senate in 1974 and served for three terms. He retired from the Senate on January 3, 1993.

Now, if you will forgive me a pun, probably the highlight of his career came with his selection by NASA as a payload specialist on Discovery Flight 51 Delta—in other words, he went into space for seven days in April 1985 and orbited the earth 109 times. I would swap my eyeteeth and my argyle socks to have had that experience. For his contributions to flight in its many forms, in December of 1992 he was awarded the prestigious Wright Brothers Memorial Trophy. So it is my pleasure to welcome to this group E. J. "Jake" Garn.

To my immediate right is Margaret J. "Meg" Wheatley, president of the Berkana Institute and a principal of Kellner-Rogers and Wheatley, a

prestigious consulting firm. She received her bachelor's degree in history from the University of Rochester, followed that with a master's degree in communications and systems thinking from NYU, and topped it all off in 1979 with her doctorate from the Harvard Graduate School of Education.

Meg has had a varied career, serving in the Peace Corps in Korea and as a

high school English teacher in Yonkers, New York. She has served on the faculties of several universities, including Brigham Young University, where it was my great privilege to be one of her colleagues in the Institute of Public Management. Meg is a superb teacher, but she is also the author of a widely acclaimed book, *Leadership and the*

## WHAT SINGLE THING WOULD

*New Science: Learning About Organization From an Orderly Universe.* This book created quite a stir, and tracking Meg down is nearly impossible, so we are especially pleased to welcome Meg Wheatley to the panel.

Finally, and still alphabetically, Mark H. Willes. Mark is the new president and CEO of the Times Mirror Company

in Los Angeles and a member of its board of directors. He will assume the additional position of chairman of the board on January 1, 1996. Mark received his bachelor's degree from Columbia University and his PhD from the Columbia Graduate School of Business. He began his teaching career at the University of Pennsylvania's

## TO CREATE A MORAL AND

Wharton School, then joined the Federal Reserve System in 1969, serving as first vice-president of the Federal Reserve Bank of Philadelphia from 1971 to 1977, and then as president of the Federal Reserve Bank of Minneapolis from 1977 to 1980.

Knowing talent when they saw it, General Mills brought him on board as executive vice-president and CFO from

## ETHICAL ORGANIZATION

1980 to 1985. He moved up to president and chief operating officer and in 1992 was appointed vice-chairman. He now presides over one of the most influential media and publishing organizations in the United States. We welcome Mark Willes to the panel.

The purpose of our session today is to try to get a fix on some of the positive aspects of business ethics. That means

we are going to talk about moral character—good character.

We want to present some ideas today that we consider most important in the character of those who would lead, who set the moral tone of the organization. I asked each of the participants to answer the following question: What single thing would you recommend in order to

create a moral and ethical organization?

Let me start by making reference to Thomas Jefferson. Jefferson had designed his tombstone before he died. At the top he wanted it to read:

Here was buried  
Thomas Jefferson  
Author of the Declaration of  
American Independence  
Of the Statute of Virginia for  
religious freedom  
& Father of the University of  
Virginia

Of course he was president of the United States, vice-president, and secretary of state, but it is this last one, Father of the University of Virginia, that I would like to look at for a moment. He got into a ferocious battle as he started the university, because what he saw as the most important mission of the university was to inculcate within the students qualities of good character.

Now, Jefferson was a phenomenal scholar.

He studied and read, but he believed, after all was said and done, that knowledge was useless unless it was embodied within an individual of great, good character. His battle was with the orthodox religionists, who said, "No, we are the only ones who are allowed to define character," and also with those people who fancied themselves scientists at that time, who said, "No, you shouldn't bring this into a university." Jefferson's correspondence is very interesting about that battle. I agree with Jefferson. I think it is true for a university, and I think it is true for any kind of organization.

All my studies about the origins of capitalism and free enterprise indicate that this is essential to the conduct of the free enterprise system, that individuals who participate in it must be men and women of great, good character.

In that context, let me simply state

what I believe to be the most fundamental quality of character to make for the ethical organization. I have come to the conclusion that it is love—the capacity to love others.

Now, some will throw up their hands in disgust and say, “Oh, come on! It’s a hard world out there.” But the other day in *The Wall Street Journal*, an invited columnist, a successful consultant, said, “After all is said and done, the most important thing in leadership is the ‘L’ word—love.” The capacity to love others.

Let me conclude this point with a quotation from Nigel Elan, one of the founders of the Israeli army, pound for pound probably the best army in the world. He wrote an essay, “Profile of a Commander,” which is the finest treatise on the principles of leadership I have ever seen. He talks about the commander in male terms here. It was written some time ago.

“The commander is the father of the unit. That is to say, he nurtures the unit as a family of soldiers . . . . He sees himself responsible for those men in the same way as a father would regard himself responsible for his family.

The great, tragic crisis of practical command occurs at the moment the commander sends his men, his family, into battle. Only the commander whose attitude toward his men is that of a father to his children has the right to send them into action. The men, who know that their commander values their lives as his own and will not lightly expose them to mortal danger, will comprehendingly and willingly accept any task he may propose upon them, be it the most difficult and hazardous.”

That is probably the truest statement I have ever read. So I would state as my precondition for the ethical organization the capacity to love the personnel within that organization.

**JAKE GARN:** I am pleased to be with you today, particularly with this distinguished panel. I would note though, Kirk, that I was on the right side of the audience, so everything was just fine. When Kirk asked me to talk about one thing that would be most important in

creating ethical organizations, it was difficult to narrow it down to one. In my opinion, honesty and candor are both very important, and, although they are related, they are somewhat different.

I have often been accused in my own career of being too candid. I have been told by many people, particularly my staff, “Couldn’t you just soften some of your comments, Jake, sometimes?” But I have never accepted that criticism. Candor has served me well in my life. I would like to illustrate the two principles with some personal examples.

My father never thought there were any gray areas whatsoever as far as honesty was concerned. You were either honest or dishonest. There were no margins. There was nothing in between. Two plus two equaled four. It didn’t equal anything else. I hate to admit this—I don’t know that I have ever done so publicly—but when I was about eight years old, I visited my

Utah’s first director of aeronautics, so he did not make a lot of money. Shortly after World War II, he decided that somehow he just had to break out of this salary problem, so he bought 10 building lots in the south end of Salt Lake County. He subrogated those lots to a builder, who built 10 houses on them and, after selling two of them, went bankrupt. My father got eight completed houses back. He could have said, “Well, I’ll just allow these to be repossessed. It wasn’t my fault, and I just can’t handle this.” But he didn’t. He tried to sell them.

For three or four years while I was in high school and college, once in a while he would sell one of these homes. I remember what a dramatic impact it had on the family finances, how much difference it made in what we could do, and I was aware of the struggle my father was having to make the payments on those houses out of his salary and

not have them repossessed.

On a Saturday morning, I was out cutting the lawn. Dad came out of the house, and I hadn’t seen such a big smile on his face for a long, long time.

He said, “I sold the last house. It is over. We are out of it. We will be able to take vacations and do many of the things we used to do.” I said, “How did you do?” He said, “Oh, not very well, but that is not the point. We are out of it. I don’t have any more payments.”

About half an hour later a young man came up and said, “Is your father home?” I said, “Yes, I’ll go get him.” So he came out, and I went back to trimming the lawn. I heard the level of the voices go up, so I walked over and asked, “Is there a problem?” The young man said, “Yes, your father said he sold that house. He just talked to someone on the phone this morning. I have a written offer here with one thousand dollars of earnest money guaranteed, no problems. The man has cash to pay for it. It will go through.” My father looked at him and said, “But young man, you don’t understand. I gave my word.” He replied, “But it is six thousand dollars more.” I think my father made about ten thousand dollars a year at the time,



# honesty

grandparents in Fairview, Utah, where there was one drugstore. I had a dime, and I wanted to buy two comic books, but they were 10 cents apiece. So I slipped one inside the other and got two for the price of one.

My father discovered this, and to this day I do not know how. He marched me back to Floyd’s Drugstore, and all Floyd wanted to do was make me pay for it, but my father had quite a different idea. I spent an entire week in the drugstore, mopping floors, cleaning up, emptying wastebaskets. A week—about 40 hours—to pay for that 10-cent comic book. I have never forgotten that. Any time I would even think of maybe doing something that was not totally honest, I knew my father would come back and make me work in a drugstore someplace cleaning up for a week.

My father taught me another lesson about honesty. He was a civil engineer and also a pilot in World War I, but he worked almost his entire career for the state highway department and was

so six thousand dollars was 60 percent of an annual income. Again he told him, "I'm going to ask you to leave my property if you don't listen to me. I gave my word! The fellow who called me this morning is supposed to be at my house at ten o'clock Monday morning. You call me at eleven. If he doesn't show up, I'll be happy to sell you the house. I'd love to have six thousand dollars more." Well, unfortunately the guy on the phone showed up. But it didn't bother my father at all. So I grew up in that kind of atmosphere.

The things I am talking about apply generally to our behavior, not just to business, not just to politics, but in all our relationships with people. This has made my life so much easier. Many people have asked me why I went to work at Huntsman Chemical Corporation when I left the Senate. I had a lot of choices, but it was easy for me to make that decision, because I had spent 25 years protecting my backside from people who didn't have the same standards that my father had. I didn't want to have to do that the rest of my life.

I saw in Jon Huntsman the absolute honesty and integrity that I found in my father. I knew that I could go to work for Jon Huntsman and represent him and Huntsman Chemical Corporation and never have to worry about anything he said or did or any of his business dealings whatsoever, never have to give it a thought. Even the possibility of any embarrassment just does not exist with Jon Huntsman.

To be absolutely honest and always stand by your principles is so valuable and so inculcated in me that when I first ran for public office, I was very disturbed with the majority of politicians—not that they were dishonest in the sense that they would steal or take bribes, but they never quite said exactly what they felt. The candor was not there. You could listen to them and say, "He is intelligent, articulate, well informed—but what did he say?" When it was all over, did you understand half an hour later whether he answered your question or not? So I made a simple decision that I would say and do exactly

what I believe. The worst possible thing that could happen to me is that I would lose and get to come home and ski more and make more money and honor my wife more.

What honesty and candor will do for you with the press is absolutely remarkable. They have a difficult time handling the truth. It almost always spoils their stories. To illustrate, when it was announced that I was going to fly in space, I was on one of the national news programs, and the reporter said, "Senator, isn't it true that the only reason you are going into space is that you are chairman of NASA's appropriation subcommittee?" I said, "Of course!" There was absolute silence. Ruined all the follow-up questions. So I said, "You wouldn't send the chairman of the agriculture committee would you?" He was still thrown off the script, so I said, "Would you go to your dentist for legal advice? The point is, I have more than

misleading them in that way? I don't think so. Maybe I'm too strong on this point, but no one will ever convince me of that. I believe that honesty, candor, and directness will solve more problems in your personal and business lives than you can possibly imagine.

**MEG WHEATLEY:** I have been working with some beliefs lately about people and organizations, that most people want their lives to make a difference. And most people, therefore, want to do good work. I even believe that most people (strange as it may seem) want to love the organizations they are a part of. In fact, a bizarre observation I've made for 15 years or so is that it doesn't seem to matter what you are producing, there is a great desire to want the organization to be meaningful, even if you are making your fiftieth variation on elite dog food—it doesn't matter. They want to love that organization. I think one of the ways

leaders have short-changed themselves is that they have been afraid of this wonderful capacity of love that is part of being human in organizations.

Most people want

their work lives to mean something. They want to contribute. They want to be in an environment where love can be expressed, even if it cannot be spoken about. As leaders, our task is not to train people to have high moral character, but rather to elicit this natural, innate, God-given human striving from the people we affiliate with. How do we elicit their desire to lead a life that has character, that has deep morality, that means something?

If we could create moral organizations by training individuals to be moral, then I think we would have already done it. We have failed at the dominant approach in our culture, which is to take individuals from organizations, put them through training programs, and then put them back in the organizations and expect them to be the agents of change. This is a compelling piece of experiential evidence we now have. We do not create moral organizations by training all members of the organization in values and ethics.



10,000 hours of pilot time. I am an experienced aviator. I have responsibility for \$7.5 billion dollars a year of NASA's funding, and I make no apology for going."

Being totally honest and candid without shaving the answers has served me well, even when in the short run it might cause some pain, but in the long run it has always solved my problems in politics and in business.

I feel we have shifted the definition of honesty and candor to where if you are not stealing or lying, then you are honest. Well, I think it involves much more than that—not just things you could be accused of or arrested and punished for. The standard of honesty and candor must go much further than that in your relationships, within your family, with your business associates.

As Kirk suggests, if you love those you work with, can you be anything less than honest and candid with them? Can you deceive them, if not directly, then by not telling them certain things and

I do not have an answer to that observation. I think it raises questions for all of us about how organizations change. But I do want to contribute to this question by saying that when I am in an organization that has integrity and coherence and clarity about what it stands for, I know it. I feel it. And I see the results.

I believe that our task, wherever we are in our organizations, is to think about how we create coherence, so that people know what the organization is about. And in that clarity of knowing what the organization stands for, they can express their desire to be moral, their desire to contribute.

When I am in such organizations, where values are meaningful, where there is no question what they stand for, people refer to the values, they talk about them. It is a very casual process. It is not because they just walked by a poster on the wall that lists the values. It is not because their boss gave them a little laminated card to carry in their wallets so they remember the values. It is because the values are in the air. The values are part of the hearts and spirits of everyone in the organization.

I want to talk about one organization in particular, a small company called AES Corporation, based in Arlington, Virginia, that erects coal-burning power plants around the world. They are not in a highly favored industry, because their product raises environmental issues. They work in politically volatile countries. This company was founded about 10 or 12 years ago by two men who were both deeply Christian, who believed that their work lives should be congruent with their personal lives, and so they thought about what they were living for and created a company with coherence and clarity around four values. And these values are everywhere in the air at this organization.

Three years ago they went public, and the Wall Street investment community came in to write the prospectus for investors. Bless their hearts, they didn't know what to make of these values. The values were very evident, and they had conversations with the senior leaders in which the leaders said, "You know, if push

comes to shove and we have to choose between our values and a profitable business venture, we will choose our values." Wall Street responded by listing their values as a risk to investors. When you look at their prospectus, the number one risk is that they build coal-burning power plants. The second risk is that they work in politically unstable countries. But about number five is the values. It is stated clearly that the senior managers of this company have said, if they had to choose between making money and being true to their values, they would choose their values, therefore this investment might be at risk. Now, we laugh at that, but it is very common.

Because my work involves looking at chaos in organizations, I have a very wide audience these days. How do you prepare yourself to deal with the unknown? How do you prepare yourself to deal with competitors who come out



of nowhere? How do you prepare yourself to deal with absolute turbulence that will not go away? Well, I think the answer is quite obvious. Organizations that have this deep integrity, that know who they are, what their purpose is, what their skills and values are—those organizations feel they are solid, they are grounded, they are rooted. Then they can withstand the vagaries and changes in the environment.

One last story. The place where I saw this kind of organization shocked me, because it was in the special forces of the armed services. I had been asked by a general to come down and talk to the commanders of special forces, and I had seen enough movies that I didn't think I had anything to say to these men. But the general said, "We really are leading by values, and you should come and look at us. This would be helpful for you, and helpful for us also." So I went and met with a joint command, where there were Navy Seals and Airborne Rangers and Delta Force.

What I learned there is that they had already discovered intuitively the secret of organizational values. In their work, they conduct secret missions where they can only send one, two, or three men out at a time, and the commander cannot be in communication. Of course the missions are secret, and here you have the modern leadership dilemma. You have people who want to do good, but you have to send them away from your presence, to make decisions that could affect the business—in the case of Special Forces, it could affect world security, certainly U.S. security. So what do you do?

They have come up with three things, all of which are important, but it is the third one that is most relevant. They select very carefully. They train constantly. And, finally, they give these young men a strong sense of values. They spend time educating them about legalities, moralities, ethics, history, the

Geneva Conventions, the political history of the area, so that these young men can make well-informed decisions about unpredictable questions in the absence of a senior commander. It is going to take a while for the rest of the military to catch up, but that is the future of leadership.

One general summed it up for me very poignantly. He said, "When I send these young men out on secret missions, I know that we have selected them as best we could. We have trained them as best we could. We have given them the sense of values that we think is relevant. But, you know, my last words to them always are, 'Go and do good.'" When I heard that, I was very moved. I want to work with organizations where we can say, "Go, I trust you. You are an adult. You care about us. You care about the organization. You care about our future. So go and figure it out."

But then I realized that when they say, "Go and do good," there has been discussion, conversation, learning about what good means. In too many organizations the complaint is, "I wish they would walk their talk." So we have to stop talking about what good is and realize that everyone in the organization, all the time, is learning what good is by watching us as leaders.

*(continued on page 27)*

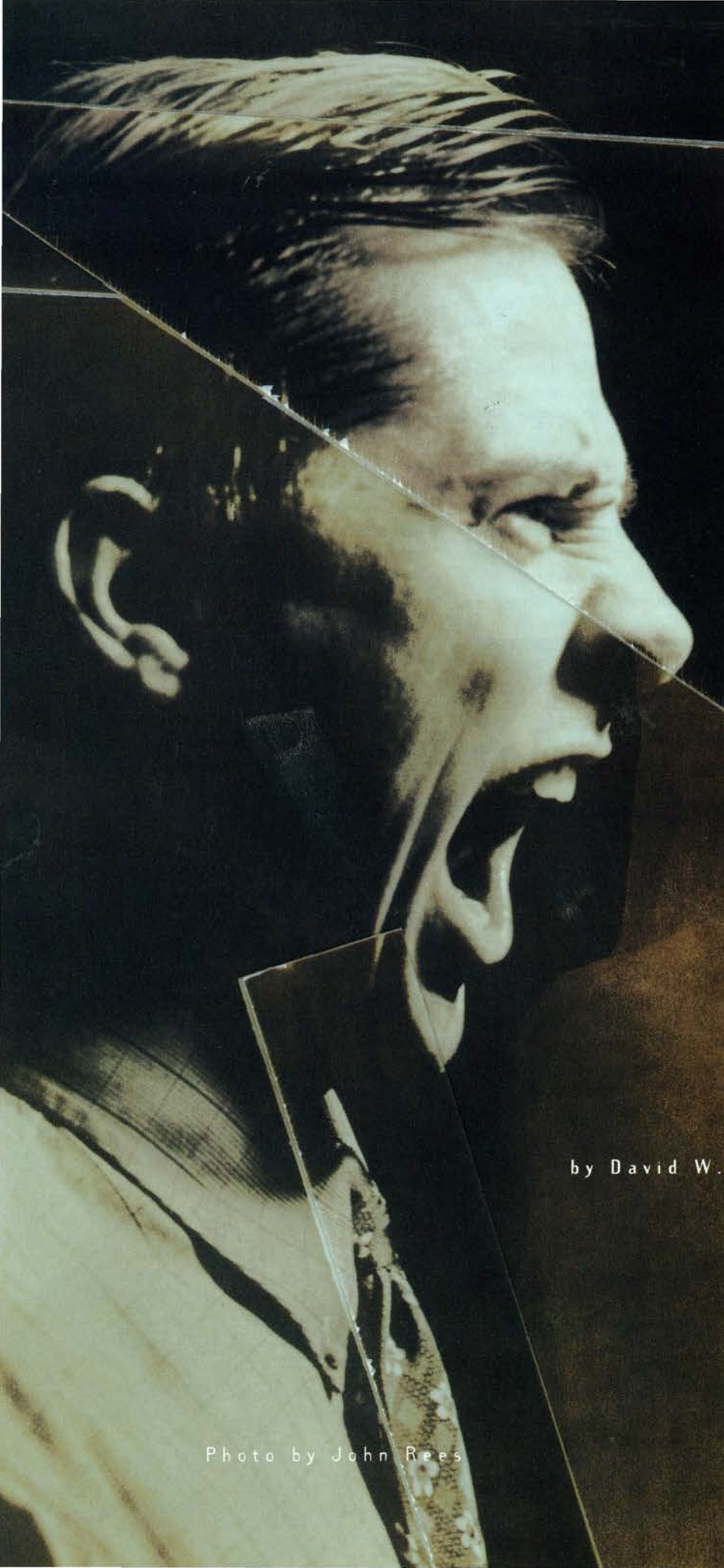


Photo by John Rees

by David W. Checketts

# negotiating with difficult people

What an honor to address this conference. When I was asked to speak, the only complaint I had was that I was asked to speak on the subject, "Negotiating With Difficult People." When I heard this, I said, "Is there such a thing as nondifficult people?" As you may know, I've been at NBA meetings all morning. We've been negotiating with NBA players for the last year—often around-the-clock negotiations, at 2 and 3 a.m. in hotel rooms—and as of this morning the owners unanimously ratified a new agreement with the NBA Players' Association.

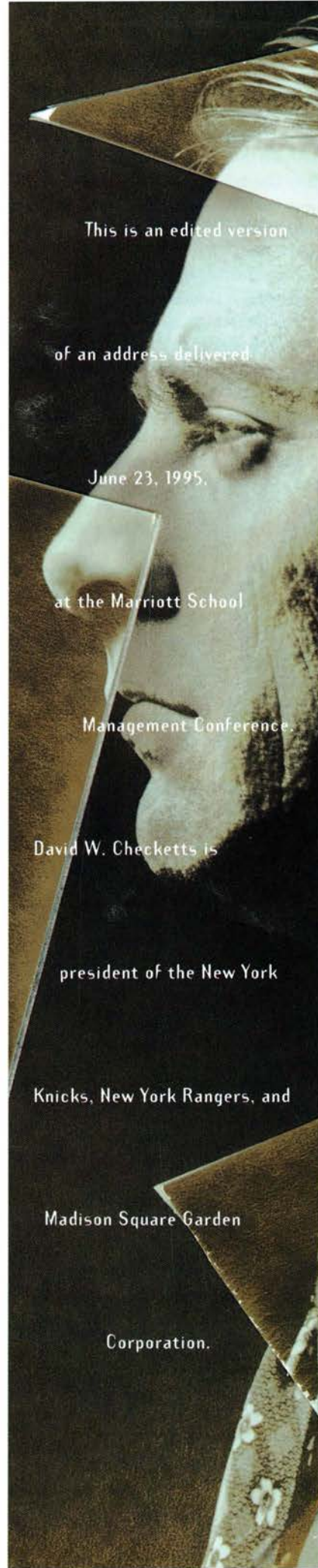
The players are meeting in Chicago and are expected to reject our proposal, which had been negotiated by their union heads but is now being opposed by players such as Michael Jordan and Patrick Ewing. So we decided this morning that if the players reject our offer this afternoon, the NBA as we know it will shut down on July 1st. It will be effectively out of business until the players accept our proposal. There is nothing quite like your \$350 million asset teetering on the brink while you are speaking. But I do know something about negotiating with difficult people.

I was only half kidding about everyone being difficult. This is a difficult time. Margins are shrinking in many businesses. More and more the emphasis is on negotiating skills. So many people are looking to have an impact and make a name for themselves and move up the chain of command or just win. Winning and gaining market share seem to be the major issues.

I laughed recently when I read this tale in a magazine: A Japanese company and an American company had a boat race. The Japanese won by a mile. The Americans hired analysts to figure what went wrong. They reported that the Japanese had one person managing and seven rowing while the Americans had seven managing and only one rowing. The Americans immediately restructured their team. Now they had one senior manager, six management consultants, and one rower. In the rematch the Japanese won by two miles. So of course the Americans fired the rower.

While I am not a fan of Japanese business and Japanese negotiation, I am a fan of American business and free enterprise. But it is a difficult time for many of us in our businesses. And negotiating with difficult people is a major part of this difficult time.

About one year ago, I became president and chief executive of Madison Square Garden Corporation. It consists of the New York Knicks, an NBA franchise; the New



York Rangers, an NHL franchise; MSG Network, which is the largest regional sports cable network in the world; Madison Square Garden, of course; and the Paramount Theater, as well as a few other entertainment businesses. Within this company, I've had the opportunity to negotiate with all kinds of people, across all kinds of entertainment—Broadway talent, movie and TV people, sports stars.

We produce a Broadway show every year. Last year we produced the Broadway version of "A Christmas Carol," with music by Alan Menken. I'll never forget the first time I had to step into these negotiations. We were a few months from opening night. My predecessor had just been unceremoniously fired, which is the way it happens in New York. New York City is like a giant blender—you watch the blades and know that somebody is going to turn them on at some point and you too will turn to liquid. When my predecessor was fired, I took over the reins as executive producer of a Broadway show—something I had never done.

Here I was, meeting at the negotiating table with the Dream Team of Broadway talent: a producer who had done several shows; Alan Menken, who had written music for "Beauty and the Beast," "The Little Mermaid," and now "Pocahontas"; choreographers; and the production company that was going to stage this play.

As I sat down on the other side of the table to finish up some negotiations, only two days before having been just another stiff who ran an NBA franchise, this British director looked at me and said, "Mr. Checketts, what is it about your background that has qualified you to become suddenly executive producer of our show?" Of course I was panicked, because I knew that for the previous 12 seasons I had been running NBA teams, but I thought of a quick comeback and was amazed at how well it worked. I leaned forward, looked him right in the eye, confident, and said, "In the last 10 years I have written and directed three different road shows. And, might I add, award winners." He leaned back in his chair and looked over at the choreographer and said, "Road shows!" I am sure he felt I was responsible for the tour of "Beauty and the Beast" in 10 major markets. So it has been an interesting run with all of these different people to negotiate with.

As you know, all talent—Broadway, sports, and others—are represented by a curious band of people that we refer to affectionately as agents. Of course, agents

are all fine, honest, upstanding, intelligent people. Just kidding! They are collectively just about the lowest form of life on the planet. I guess I am just kidding about that, too.

There are among agents, just as in everything else, good and bad. One of my favorites is the famed David Falk, my dear friend. He represents Michael Jordan, Patrick Ewing, John Stockton, and that famous BYU player gone AWOL, Shawn Bradley. I will never forget my first negotiation with David Falk. NBA Commissioner David Stern, who (fortunately for me) has been my mentor over the years, was preparing me for my first negotiation with David Falk. He said, "David, you are Mormon, I know. I am Jewish. But I know something about your religion, so let me try to explain in a context you will understand how you should plan on dealing with David Falk. I listened intently. He said, "Let me make this simple. He is Satan." Well, that has helped me a great deal.

Difficult people, I think we should understand, are difficult because it works for them. We all negotiate with them. They are difficult, and maybe even you are difficult, because it works for you. Some people, certainly, are more difficult than others. But remember, often, though not always, the best people and the best companies have the toughest people representing them. They believe in themselves, and they want to get value for what they add.

When I was with the Jazz a few years ago, we had a very ugly contract dispute with a player named Adrian Dantley. At the time we had an interesting head coach by the name of Frank Layden, who made it a personal mission to have a press war with Adrian Dantley. David Falk was representing Adrian Dantley, and he was holding press conferences in Salt Lake to kind of embarrass the owners and management of the team.

We were locked in this bitter dispute, and one night after a particularly difficult meeting, Frank Layden, his son Scott, and I decided to go out for a bite to eat. We were sitting around the table in a restaurant in Salt Lake, and Frank asked me how the family was, because we had both been away from our families quite a bit during this dispute. My son Spencer, who was only ten or eleven at the time, was turning out to be quite

a basketball player, and I remember Scott Layden turning to me and saying, "Now let's just say for a minute—based on everything you feel today and all you have been through—that Spencer becomes a terrific player. Who would you go out and get to represent him?" And I said, "Well, let me turn the question around. Let me ask you, Frank." And without hesitating, he said, "David Falk." Now, that was a great lesson to me. We were fighting this guy. He was the enemy. But it is not uncommon for people to want the best in what they do.

Let me share with you my rules for negotiating with difficult people.

*Rule number 1: Never negotiate with*



*terrorists.* There are people you run up against who are genuinely not interested in making a deal. They are just interested in holding you hostage and burning up your time and breaking you down and humiliating or embarrassing you. Do not negotiate with them. This is a law that some presidents have lived by. If people are not interested in making a deal, you should find that out quickly and walk away from the table. There is no use in sitting there and negotiating with people who are not interested in making a deal. It is amazing to me how many times that happens in business.

Keep your self-respect. There are very few deals in life that you have to make. You have to be willing in almost every negotiation to walk away from the table. If you go there desperately needing a deal, and I have been in those situations, your position is already so weak that you will lose in negotiation. So, be prepared to walk away. Do not negotiate with terrorists.

*Rule number 2: Everyone is the hero of his or her own drama.* Believe me, this is not just true in entertainment and sports. It is true in life. Whoever is sitting on the other side of the table from you very likely has concerns, has

family, has problems, has difficulties, as we all do. They also have their own interests in mind and they need to be the hero of their own drama.

The most important advice I can give you in dealing with difficult people is to keep your ego out of it. As you approach the table, one advantage you can take with you is to check your ego at the door. The best result is to get what you want and let the other side believe that they won. Let the other side believe they took it to you. If you have someone on the other side of the table who has a big ego and needs to show you, then let them show you. Just get what you want. And leave your ego at the door.

In 1985 we went after a young player from a town of 400 people in Louisiana. I was general manager of the Jazz at the time. The player was Karl Malone. He flew into the airport. I picked him up. We spent the day together. I introduced him to several members of the organization. Then, on the way to the airport, I asked him, "Karl, tell me, what are you going to do about an agent?" And this is the worst thing that the general manager of a club can ever hear. He said, "Oh, I have a brother-in-law who is an attorney back in Baton Rouge."

Now, you might think that that offers you a tremendous advantage. It's actually the worst situation in the world, because someone who can become famous overnight is the most difficult person to negotiate with. The size of the ego is much greater. That's why we had so many difficulties signing Karl Malone—he had an agent who loved to see his name in the paper. He wanted everybody to know he was negotiating. He was trying to build the business.

*Rule number 3: Knowledge of your opponent is paramount.* I suggest, for everyone you negotiate with, that you build a database. I like to take a plain legal folder, and on the left-hand side I attach some accounting papers, so that I have a clear outline of the numbers involved in the discussion. On the right-hand side I have a plain sheet of paper that allows me to take notes about hints and things that get dropped in the negotiation, because if you listen carefully people will almost always tell you in the first negotiation where you are going to end up or at least the kinds of things they are looking for.

Then, behind that top sheet (behind it so that it is not visible to that person), I add a database about that person. Who is he? Who is she? What is her background? Where does he come from? What are the big deals he has made? Who else might she represent? And if you list education, background, and values, it can be very useful.

One of my favorite quotes is by Winston Churchill: "The greatest message in life is to know that even fools are right sometimes." You have to accept the fact that regardless of who is on the other side, they may be right. And your goal is to help them get what they want, while getting what you want.

*Rule number 4 is: Nothing beats extensive preparation.* Today there are so many resources that we are on information overload half the time. But if you are involved in negotiations on behalf of your company or your client, use the online databases to get more information. It is astounding what you can gather about companies, about deals, just from Nexus and America Online and Prodigy and others.

One of my favorite things is to set up Prodigy late at night after everyone is in bed and pull up data about companies, other teams, businesses, and pricing. If you don't have time to prepare the way you want, it is worth the dollars to take research associates, younger members of your firm, or people who can devote time to it and say, "You know, I am sitting down at the table next week with Bob Fox from Chemical Bank. He is a senior vice-president, and I need to know what this is guy like." It doesn't mean you have to hire a private investigator, even though in sports that is very common in dealing with agents and players, but it does mean that you don't have an excuse if you are not using the information available to you. Make sure you do that with all resources.

Read all you can. Is the person you're negotiating with an engineer? Is this person a marketer. An engineer will negotiate very differently than a marketer. An engineer will have different goals than a marketer. What is this person's education? What pressures might he be under?

We must prepare well for the actual negotiation itself. There are many negotiation seminars. Perhaps you have

been to some. Those people have some interesting ideas. I prefer to make it very simple. I will not sit down at the table unless I have decided on realistic targets and have them clearly in mind. If you go into a negotiation without realistic targets—just run to the table, sit down, and try to make the best of it—you are doing yourself and your business a tremendous disservice. In the quiet of your office or elsewhere, sit and develop realistic targets you would feel very good about achieving.

Then arrive at a pressure point. It is quite simple: target and pressure. "This is as far as I will go under any circumstances to make a deal. This is the pres-



sure point. I will walk away from the table if I cannot make a deal at this number. If I can't get these things, I will walk away. Even if it is just a couple of minor details."

In this context, let me say something about emotion. Emotion robs judgment. So if you are involved in a negotiation that has gone on all day and maybe all night, you can be sure that emotion will come into play. So, if you haven't established real pressure points at which you are willing to walk away from the table, then you are going to be in trouble. You can't just turn to the person next to you and say, "Well, we can let that go." Don't do it. Make sure you are well prepared with targets and pressure.

Finally, before you go into the negotiation, have a real sense of timing. Have a sense of how much time you have to make the deal. That is part of your preparation. The best and most difficult negotiators I have ever dealt with have a sense of timing in their own mind. They have a sense of when they will actually close the deal, when they will push. Of course, their goal, if they have this, is to allow you to come as close to your pressure point as you can—maybe even get there—and then

let time pass. If they can do this, they have the upper hand.

*The final rule is: Nothing ventured, nothing lost.* Some people need to talk. It is very important in many negotiations to remain quiet. Some people use strategies designed to wear the other side down. If that is their strategy, if they are going to talk and talk and talk, allow that to wear them down. And listen. There are all kinds of things that get said in negotiations that you can pick up on if you will just be quiet.

Don't appease them. Churchill said, "An appeaser is one who feeds the crocodile, hoping that it will eat him last." Don't give them what they want. Don't be discourteous. But listen.

Finally, one more quote that I am very fond of. Vince Lombardi said, "The difference between the successful person and others is not a lack of strength, not a lack of knowledge, but rather a lack of will." One of the most difficult things I find in the business world is that we are raised and taught a certain set of values, and yet we are to exist in a difficult world. It is not uncommon for people to be abusive in negotiation, to be vile, foul. Even though I have always prided myself on this, it is always a temptation to me to get into those screaming matches, to appear to be tougher, to appear to have the upper hand.

Unfortunately, in my business the agents like to go back to the players and say, "I took him on. I fought with him. I screamed at him. I had him scared to death." That is what they get paid for. So it is constantly a temptation to get emotional, to get involved, but that is not what wins the war in the end. It is the strength of your will.

I believe that it is possible to take people on, even to be tough, without being disrespectful, without losing your integrity, without getting vile. It is our value system, actually, that drives us to be the best. And we have to be willing in a negotiation, in any business environment, to stand up for what we believe.

Well, we go through very difficult situations in business. Negotiating with difficult people is part of life. It is certainly part of business. Let me encourage you then, in line with your value system, to be tough when you have to and to follow the right kind of rules in negotiating with difficult people. ■

# Perception & REALITY

by Steve Young

*This is an edited version of the address delivered by Steve Young, San Francisco 49ers quarterback, at the Marriott School Management Conference on June 23, 1995.*

**T**his is a place where I feel very comfortable, so it's nice to come back. Even though I live in Provo part of the year, to be on campus feels very good.

The difference between perception and reality can be dramatic in someone's life, especially in the public arena. Let me give an example. I finished playing at BYU in 1983. The next year BYU won the national championship. But because of my success in the NFL, people start to associate national championship with Steve Young. They come up to me and say, "What a career! You start with a national championship at BYU, and then you've done this." I don't say anything. So, just in case you didn't know, Robbie Bosco didn't start on the national championship team. That was me.

I've enjoyed the perception and reality differences this past season. I was always perceived as a hard worker who would battle through tough times, especially in a game, but it wasn't until I screamed at my coach last year on national TV that people perceived me as a leader, as somebody who had the fire to make things happen. This really bothered me. I felt that I'd done everything I could to influence people to see my leadership capabilities. To think that it took that outburst to give people the perception that I was a leader!

Because I live in such a public arena, I always try to keep track of reality and perceptions; I don't want others' perceptions to adversely affect my ability to live in reality. If I am a leader, it's by what I do, not by how I'm perceived.

## Fame

As you know, if you watched the Super Bowl, at the end of the game I was involved in a promotion for Disneyland. I chose to involve receiver Jerry Rice so that I could do it with somebody. (I feel much more comfortable doing

things with somebody else so that if it ends up being foolish, then I'm only 50 percent foolish. And if it's great, then I'm 50 percent great. I always try to involve others so that I protect myself on the bottom side and I get to enjoy it with other people on the top side.)

So, anyway, Jerry and I were involved in this promotion, and the next day we



went to Disneyland, straight from the parade in San Francisco, to fulfill that part of our commitment. They blocked off Main Street in Disneyland for a parade—there was the Disneyland Band and one float—it was a one-float parade with Jerry Rice and me and Mickey Mouse. On the side of the float it said, "Disneyland Welcomes Steve Young and Jerry Rice, MVPs, Super Bowl XXIX."

At the end of the parade the band quit playing, and as the float was just about to go through the gates, there were two little boys, about six and eight, sitting on the curb. All of a sudden the younger boy noticed us, and he started screaming, "Mickey Mouse! Mickey Mouse!" and he started to charge the float. His brother chased after him, grabbed him and pulled him back, and said, "You can't go near him. Those two big guys are watching." I wanted to say to the eight-year-old, "Hey, hey, MVP!"

In a way it was humbling, but in a

way it was really kind of interesting to see how people react in different ways and to see things that other people don't see. I didn't even think about Mickey Mouse being up there with us.

I believe that fame can be used as either a weapon or a tool. It's very easy, maybe even human nature, to use fame as a weapon. And I believe fame is very relative. A level of fame is natural to many of us. So, watch yourself and see how you use your fame, because if it is a weapon and you take it seriously and use it to drive home your own agenda, it can be a real problem. But if you're willing to use fame as a tool, then you can do great good in the world.

## A Laboratory for Learning

The football field is a great laboratory for learning, and I mean that sincerely, because on the 49ers we have all kinds of people. If you take religion, a cross-section of our team includes a Jew, a couple of Moslems, a Buddhist, a number of Protestants, and three Mormons.

We have a number of geographic differences. Jerry Rice didn't see a paved road until he got to high school. I grew up just outside New York City. A lot of guys grew up in the inner city. People from the Deep South look at things much differently than people from Nebraska or from the inner city. So we've got those kinds of differences. We've got socioeconomic differences. But we have to come together. We either come together or we fail.

I think football's such a great laboratory because there's so much pressure involved. There's an immediate connection between the action and the result. Many of you are in businesses where the result does not occur for some time. You're not judged immediately, as in football, where you're judged play by play, minute by minute, second by second on your performance.

On a football field there are 22 full-grown men, many of them overgrown. How do they interact? It's 11 on 11, and it's purely physical. There's technique, there's some beauty to the whole thing, but in the end it's purely physical. Personal battles are going on with every play. I think that makes it very difficult for a team to come together. There's a great deal of pressure on our group, and if we aren't together, if there's a crack in our preparation, in our understanding of each other, or in our commitment to each other, it will show.

A football season is made up of a continual effort to take this group of very diverse people and get them together so that they are one. And I mean *one*, because you can be on the road in Dallas or Detroit or Miami and you're tired, it's humid, you're down by 10, you've not played well, guys are biting at each other, the crowd's going crazy, and when you're on the field it's so noisy you can't hear yourself think. It's no longer possible at the line of scrimmage to change the play because it's so loud. They can't hear the snap count; they just go when they see the ball move. And I have to ask them to suck it up and play through the pain.

It's human nature to want to give up, to say, "Let's wait for another week." But if you wait for another week, you don't win championships. You've got to get it done right now. You can't say, "Well, we tried hard. We were close. We won a moral victory." If you do, you'll lose. You can't be a champion that way.

As a quarterback I'm asked to come into the situation and be the so-called leader of this group. It's not easy to know how to influence each player. Each one responds differently, depending on his background. I have to do my best to stand in their shoes. And I've enjoyed trying to do that.

As I've gotten older and become a bit more mature, trying to step inside other people's shoes and see the world as they see it has become easier. You have to try to see the world emotionally as they see it, so that under those desperate circumstances you can get them to say, "You know what? I don't feel like it. I hurt. I want to quit. But maybe I can do it. Let's go out and give it another shot." And if I can do that, then I'm a more effective quarterback.

## Leadership and Management

I want to make a distinction between leadership and management. Sometimes I think they interrelate, but they are very different. There are effective managers in the world, and there are effective leaders, and every now and then you run into somebody who can do both. But to me, a manager is paid to not lose. A leader, on the other hand, is paid to win. You might not see a big distinction there, but I think there's a monstrous distinction because leadership is a much more expansive, creative, active role.

As a quarterback, you can manage, and you'll be about 6 and 10 at the end of the year. "We got along, no one fought,

*You can't talk your  
way into being a leader.  
You earn your way into  
that role, and others  
effectively give it to you.*

we worked hard, we practiced every day, no one was sick too much, everyone kind of did his job, and we put out product. We managed." And then there are leaders, who take the team or family or business to where you want to go. Leadership to me is being 12 and 4 and going to the playoffs. And once you get to the playoffs, then how do you perform when the real pressure starts?

I enjoy pressure situations, because they are the ultimate laboratory, and the more pressure I find myself in, the more excited I am to find out what I'm going to do. In many ways I've learned to handle pressure situations. It's become normal. I like to see myself react, get nervous, get anxious, watch myself sweat, be in the locker room right before the game and hear the crowd stomping on the beams above me. That's how I find out what Steve Young's all about. I can walk around town all day and not have a lot of pressure on me and, hey, I'm a great guy.

But put me in that situation, and it's different. Stress is what gives us the opportunity to learn.

In quarterbacking, when I consider the difference between leadership and management, I believe I've been asked to be a leader. I'm not paid to not lose. I'm paid to win. I'm paid to take the team to the championship. If I manage them and we don't make it, then I'm not doing my job.

## Humility

I believe there's one key to leadership, and that is humility. To be a great leader you have to have the ability to see that it's not really you who accomplishes great things—you might be the focus, the point man, you're in the newspaper, on TV—but it's not you, because to be a great leader you have to have followers, and followers create leadership, not the other way around. You can't talk your way into being a leader. You earn your way into that role, and others effectively give it to you.

Now, some people might teach that great leaders take that role upon themselves, but if you take it and others won't follow, then you're a worthless leader. So, to me, leadership is about humility, realizing that you are not the person who's doing it all. My teammates have to believe in me, they have to know that in the end they'll go out for me when they're tired and want to quit, and they'll get the job done.

In football there are so many players on the field that there are places to hide, there are positions on the field where you can hide, where you don't have to take the stress of that moment, where you can say, "Ah, today I'll quit." I can't do that. I can't deal with somebody who's going to play that way. So these are the issues I deal with in trying outwardly to be the point man, be understanding, and have the humility to know it's not really me. In the end, championships are built out of the whole entity.

I get a lot of credit for winning the Super Bowl now—and I used to get a lot of undeserved criticism, I used to take a lot of heat because I wasn't a championship quarterback. But all the time I knew in my heart it wasn't really about me. It was about the team we had.

There is a leadership position and a leadership quality you have to have to win a championship, but certainly you don't do it by yourself. And so to be honest with myself, I've won a championship now, and I can't turn around and say, "See, I told you." What we did was because we were a better team.

When we win, I can't take all the credit, but sometimes I have to take the blame. The worst thing I could do is throw an interception and turn to a line-man and yell at him for a missed block. I think that's a very irresponsible way to handle the situation. It's an easy thing to do. You're embarrassed, you're humiliated. They're booing you for throwing an interception, and what do you want to do? You want to get rid of that, you want to give it to somebody else. So I just try to hold my tongue, hold my emotions, and hang in there during those times.

It's clear that many times in games it's other people's fault. Maybe no one else knows it, but I know it. I know it wasn't my fault. I get pretty good at portioning out fault. This guy was about 10 percent at fault, this guy about 80, this guy about 10. I do that all the time. In my own head I can do that, but it's a worthless process, because in the end we lost. I've found no purpose and no worth in going public or even going privately to a teammate and saying, "It's your fault." I think you have to be very subtle about that. Let people know that you hold them accountable. "I hold you accountable. I know you can play better." That's part of leadership. It works in the home, and it works everywhere.

### Competition

I want to speak just a moment about competition, because I think we often get confused about how and why we compete. There's no more raw form of competition than football. In the end there's a score. Rams, 49ers, one goes home a winner, one goes home a loser. This has permeated our whole society. There's a champion and there are also-rans. This is a dangerous way to think.

My idea of competition has nothing to do with the rest of the league, or with anyone else. I try to never be in a situation where I'm saying, "Am I better than this guy?" I believe competition,

in its pure form, is really about yourself. Being in such a competitive place, I've learned to say to myself, "I'm a quarterback. That's my job. How did I play last week? How do I need to improve next week? Now, next week we play the Rams. And, you know what? I'm grateful for the Rams to come up, to see how much better I can play, to see if I can become a better quarterback."

And that's my goal. It's not to beat the Rams. That's not what I'm about. I don't want to come to the end of the day and say, "Today was a great day. We beat the Rams." No, today was a great day because I got better. Who won? Well, we won. That's great.

I truly believe that competition has nothing to do with seeing how much

*I've found no purpose  
and no worth in going public  
or even going privately to  
a teammate and saying,  
"It's your fault."*

better you can be than the next guy, because then your goal is empty. My most fulfilling moments have been where I have improved. I felt it in my heart. I knew. I remember games in 1992 or 1993 that we lost, and afterward I would say, "That was a great game. I played much better."

I had to force myself to believe in my philosophy when everyone around me was saying, "Steve's lousy. Steve can't do it. He's not a champion." If you don't have a philosophy about it, it'll drive you nuts. You'll waste your whole life wandering around trying to live up to all these expectations that other people have for you, but if you just concentrate on improving yourself, you will have a very fulfilling life.

If you are improving all the aspects of your human nature, in the end you can die under very adverse circumstances with a smile on your face, if you know that you took every opportunity to improve yourself. And you're

the only judge of that. That's why I tried to convey to people before the Super Bowl, "I hope we win the Super Bowl, but my life will not be a disaster, I will not be a loser, if we lose it." I believed in my heart that I had improved and gone way beyond what I believed I could do.


I had no concept of any kind that I would be standing here before you with these kinds of accomplishments in my pocket, because when I came to this campus I could not throw the football. I learned to throw the football on this campus. And a miracle took place to put me in the position to do the things that I've done. I recognize that I was not the author. I did not win the MVP. All I did was go out and try to dramatically improve every day.

And it's not just at quarterbacking. I've improved in handling criticism, in handling my language, in handling my ego, all the things that have nothing to do with football. I've improved my emotional stability, how I handle fear, anxiety, stress. I don't care who you are, you face those same things.

That's my concept of competition. It has nothing to do with anyone else. Can you imagine having a conversation with the Lord, and he says, "What did you do on earth?" "Well, I was better than Joe." "Great. So what?" Or "Our sales were better than the competition's." "Good for you."

This concept of competition takes away your fear and anxiety of people who are trying to beat you down. Your attitude becomes: "Thanks for coming, for testing me. I appreciate you for trying to beat me down, but in the end it wasn't about you. It was about me."

So I go into this season as a champion. I won a Super Bowl. People ask, "What do you do now?" Good question. You've reached your ultimate goal, and if your life is about that goal, then you really do have an emptiness. Luckily, I have this backup in my mind, in my heart, what I've been doing over the years—I try to improve. The Super Bowl is a side effect of what I was trying to achieve.

Am I going to stop now? Do I quit? Say my quest is over? No. I'm still breathing. My quest still continues, to see what kind of player and person I can become in this great laboratory of football and life. I look forward to it. 



## 1994 • 1995 YEAR IN REVIEW

### The J. Willard and Alice S. Marriott School of Management Brigham Young University

#### Schwendiman and Maeser Awards

The Fred A. Schwendiman Performance Award, recognizing a staff employee at BYU for exemplary contributions to the university through consistent and superior service, was presented this year to Jill Broderick Powell, Managerial Economics Department secretary.



Jill is always two steps ahead of most people, says Department Chair Dwight Blood, anticipating and filling needs before others are aware of them. She has excellent interpersonal skills, and her executive abilities are unsurpassed.

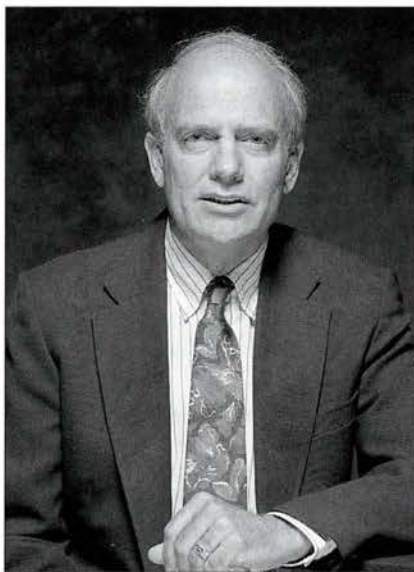
In addition to handling day-to-day activities flawlessly, Jill tries to make her colleagues look as good as she does. She is tenacious about accomplishing even difficult tasks and does them efficiently and with minimal instructions.

Warner P. Woodworth, professor of organizational behavior, received one of four Karl G. Maeser Excellence in Teaching Awards, which honor BYU faculty each year for outstanding teaching accomplishments.

Linking theory and practice is the essence of Warner's approach to teach-

ing. Whether he's helping students understand complex labor-management relations or showing them how to stimulate economic development in Third World countries, he applies classroom principles to real-world problems.

About his teaching, one student wrote: "My association with Warner has forever changed my life. My experiences



with him helped engender in me a strong desire to contribute something unique to the world. My life today would be much easier if I had not met Warner; however, my life is much richer because I did."

#### Marriott School Program Rankings

Several Marriott School programs received high national rankings for their excellence this past year. The MBA program was ranked 31st in *U.S. News & World Report's* 1995 survey of "America's Best Graduate Schools." The SOAIS was ranked third among the nation's graduate and undergraduate accounting programs in the recently released *Public Accounting Report Annual Survey of Accounting Professors*. More than 180 professors

and accounting department heads responded to this year's survey.

*Success* magazine listed the MSM Center for Entrepreneurship in its September 1995 listing of "The 25 Best Business Schools for Entrepreneurs." Finally, Bowling Green State University surveyed 925 managers and practitioners regarding organizational behavior programs that emphasize organizational change and development. BYU came in fourth. Significantly, among the top five, BYU was the only nonexecutive program.

#### Appointments and Personnel Changes

Kim Cameron, formerly a professor of organizational behavior at the University of Michigan, joined the Marriott School faculty this summer as associate dean and Ford Motor Company Cook Professor. As associate dean, he is responsible for academic programs, including executive and outreach programs. This appointment comes in conjunction with the retirement of Milton E. "Mitt" Smith at the end of this year. Mitt's stellar service to the school in various capacities, most recently as associate dean, will be missed. We wish him success in his future activities.

Lawrence C. Walters has been appointed chair of the Institute of Public Management. A BYU alumnus, Walters received his PhD from the University of Pennsylvania's Wharton School in 1987.

Terry Nels Lee, associate professor of business management, has been appointed associate director of the Institute of Business Management. Lee will assist Ned Hill in administering the institute, with special responsibility for the undergraduate management degree. He received his PhD from the University of Washington.

Rixa Oman has moved from the Institute of Public Management into the dean's office and is serving as assistant to the dean.

## Marriott School's First Annual Management Conference an Enormous Success

On June 22, 1995, more than 800 Marriott School alumni and friends gathered in the main auditorium of BYU's new Joseph Smith Building to kick off the school's first annual management conference. This impressive group was much larger than conference planners had dared hope for when they first entertained the idea of inviting alumni and friends back to campus for a management conference. And the comments by individual attendees about the two-day schedule of speakers, panel discussions, and presentations were gratifying.

"Exceptional conference," said one MPA graduate. "I was impressed with the entire agenda." "The quality of the speakers was excellent," agreed another alum. "I enjoyed the conference immensely, much more than I had anticipated."

On Thursday morning (June 22), after a few words of welcome by Dean K. Fred Skousen and university President Rex E. Lee, Stephen Covey took the microphone—took it literally down into the audience—for a three-hour presentation on "Principle-Centered Leadership." "Covey was fantastic," said one listener, "worth the entire conference."

After lunch, at which new Associate Dean Kim Cameron addressed two groups consecutively in the Wilkinson



*Keynote speaker Stephen R. Covey discusses principle-centered leadership.*

Center Garden Court and Memorial Lounge, attendees separated into smaller groups for the afternoon. Session topics were as varied as "Developing Employee Honesty" (David Cherrington), "Strategic Alliances" (J. Fred Huckvale; Jon M. Huntsman, Jr.; R. Duff Thompson; and Brent Wilson), "Managing Diversity" (Kate Kirkham), and "Overworked and Overwhelmed—What to Do About It" (Eric Stephan).

Thursday evening, many participants attended networking dinners, where they were able to make valuable contacts with faculty members and other professionals.

Friday morning, most conference attendees were treated to an excellent panel discussion, "A Positive Look at Business Ethics," with Jake Garn, Meg

Wheatley, Mark Willes, and Kirk Hart. "One of the finest discussions I've ever had the pleasure to sit in on," one listener commented.

For the remainder of the morning, participants could choose between Michael Ballam, who gave a "fabulous" presentation on "The Majesty of Music"; Professor Gary L. Browning, who spoke about the rise of the Church in Russia; and Coach LaVell Edwards, who gave an update on the BYU football program. Michael Ballam's presentation, in particular, elicited many enthusiastic responses. "Exceptional—a real eye-opener," said one participant. "Wonderful diversity from the management-focused courses," said another.



*Michael Ballam speaks about the majesty of music.*

One of the highlights of the conference was the address by Steve Young, Marriott School alum and San Francisco 49er quarterback, who spoke following Friday's lunch about the difference between perception and reality. From his unique perspective as an NFL quarterback, he also discussed leadership and management, humility, competition, and fame.

Friday afternoon, attendees could choose from a number of smaller sessions with such topics as "Developing a Strategy for Global Markets" (John M. Knab, Richard E. Marriott, and Lee H. Radebaugh), "Capitalization of Your Small Business" (Nyal D. McMullin), and "Dilemmas of a Family-Owned Business" (Clair Haycock, John Haycock, and W. Gibb Dyer).

For the final session, a majority attended the presentation by New York



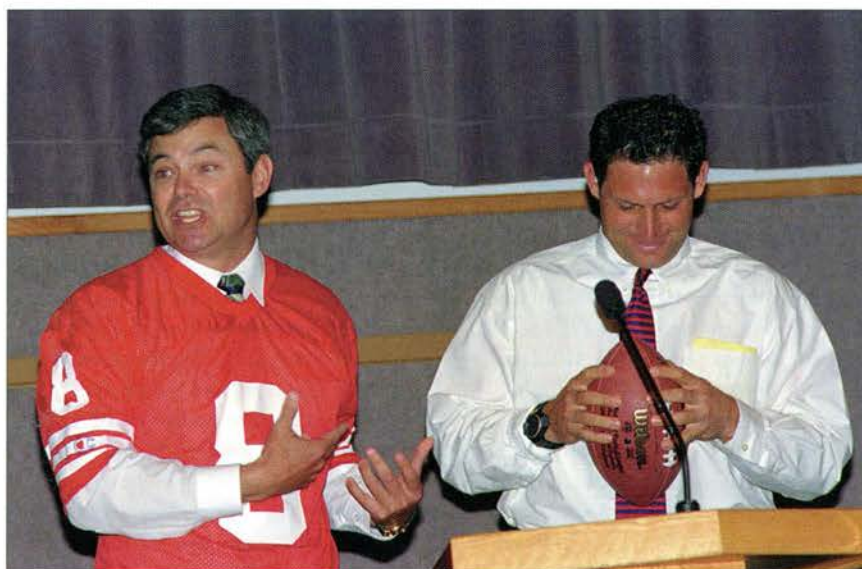
*Associate Dean Kim Cameron addresses a luncheon in the Garden Court.*

Knicks President David Checketts on "Negotiating With Difficult People." Checketts was involved in negotiations with NBA owners and players that day, but took the corporate jet, flew into Provo just in time for his presentation, then flew straight back to New York. A portion of his instruction on negotiating is reprinted in this issue of *Exchange*, but those who weren't there to hear him will miss out on his "Negotiating Hall of Fame," a slide show of the most difficult people he has negotiated with, including his 17-year-old son ("but it was his fault, Dad—I was backing out of a parking spot downtown, and he was coming along and hit me with the side of his car"), his daughters ("there is absolutely no way to win with these people"), and his wife ("the toughest negotiator ever").

The educational portion of the conference concluded Friday evening with a dinner in the Wilkinson Center Ballroom and an address by Elder L. Tom Perry of the LDS Quorum of the Twelve Apostles.

The conference concluded Saturday morning at the Homestead Resort in Midway with a golf scramble, luncheon, and awards ceremony.

The conference brought alumni back to campus from as far away as Hawaii, Massachusetts, Pennsylvania, North and South Carolina, and Vermont. In all, 36 states were represented, and 20 individuals came from outside the United States. The greatest number



*Norm Nemrow has fantasies about trying out for wide receiver with the 49ers. Steve says Norm is a bit slow and undersized, but completes the pass anyway.*

(222, not counting Marriott School faculty and staff) came from Utah, but 121 came from California, 41 from Idaho, 33 from Washington, 32 from Arizona, 30 from Texas, and 29 from Nevada.

Alumni from all Marriott School degree programs attended, as did several individuals who graduated from other universities but came because of the quality of speakers, or to receive continuing education credit, or to take advantage of networking opportunities. Many who attended the conference indicated that this was a great opportunity for them to return to campus and bring their families with them. Almost

all indicated they are planning on attending next year also.

Participants were asked to complete a survey form, so that Marriott School administrators can learn from this first conference and make next year's even better. Several valuable suggestions were given, including making available a list of those attending, improving the opportunities to network, providing handouts for all presentations, offering sessions that qualify for CPE, and distributing more preconference information.

Next year's conference will take place on June 20 and 21, with tentative registration fees of \$150 per individual, \$130 per person for couples, and \$120 per person for larger groups. Topics being considered for next year include: "Entrepreneurs Are Made—How to Get Into Your Own Business," "Accessing Business Information Through the Internet," "Does It Pay to Be a Socially Responsible Business?" "Marketing Your Product Abroad," "New Values and New Organizations for the 21st Century: Examples From the United Order," and "Family Finances: How to Keep Them Under Control."

Alan Ashton, James Lucas, Paul Gustavson, and several BYU faculty have already committed to participate, and we are hoping to soon obtain commitments from such individuals as Dale Murphy, Hyrum Smith, Tom Welch, Nolan Archibald, Kurt Bestor, Merrill Bateman, and the new BYU president.



*Elder L. Tom Perry addresses conference attendees after dinner in the Wilkinson Center Ballroom.*

## Marriott School Financial Profile for 1994-1995

Summaries of cash inflow and outflow showed a slight change in revenue and expense distribution for the 1995 fiscal year, according to Dean Skousen. Most significant was an increase in the percentage of total cash inflow accounted for by the university budget—up from 75.7 percent in fiscal year 1994 to 79.1 percent in fiscal year 1995. Gifts and grants accounted for 8.4 percent of inflows, endowments accounted for 4.3 percent, while interest and other revenues brought in 8.2 percent.

A smaller percentage of outflows went toward faculty salaries in fiscal 1995 (down from 66.6 percent last year to 64.5 percent). Operations accounted for 16.1 percent of outflows, up significantly from 11.1 percent last year. Student support dropped from 11.0 percent to 8.0 percent; administrative support dropped slightly from 8.3 percent to 8.0 percent; and capital equipment and computer service increased from 3.0 percent to 3.4 percent.

## Contributions to Marriott School Leadership Alliance

In the fourth year of the Leadership Alliance (the overall fundraising program for the Marriott School of Management), the college has recorded its most successful year to date. The Leadership Alliance plays a significant role in funding the many needs and projects within the school that contribute to excellence in management education.

The Marriott School has received approval to procure funding for centers in entrepreneurship, ethics, and international management. Approval has also been obtained to fund scholarships, grants-in-aid, professorships, and a college endowment.

The Leadership Alliance continues to be directed by Dean K. Fred Skousen; Ron Malouf, a member of the National Advisory Council; and Ron Seamons, assistant to the dean. The Leadership Alliance board is committed to matching the Marriott gift of \$15 million by the end of 1996. Information about the Leadership Alliance or assistance with charitable gifts to the Marriott School can be obtained by calling (801) 378-3801.

## BYU Management Society

The BYU Management Society continues to grow in number and activity. Forty U.S. and nine international chapters now exist. The newest chapter in Orlando, Florida, is planning its kickoff event for late fall.

Activities in the chapters have included events such as Valentine's galas and special awards evenings, along with a variety of service activities. In February, President Gordon B. Hinckley received the 1995 Distinguished Public Service Award at a dinner sponsored by the combined Bay Area chapters. Many chapters have funded scholarship programs and one is even sponsoring a Boy Scout troop. Management Society members have also benefited from 19 Dean's Seminars this past year, which have focused on such topics as diversity, entrepreneurship, ethics, the information superhighway, manufacturing excellence, management style, and white-collar crime. Participants

are able to satisfy criteria for continued professional learning.

If you are interested in obtaining more information about the Management Society, please call (801) 378-6824.

## Graduate Student Placement

Career Services Director Bill Brady reports that placement of Marriott School graduates is still strong. Company recruiting visits and the number of students placed remained about the same as last year, but a larger class size in 1995 resulted in a slight decline in the percentage of students placed. The number of companies committed to make visits in the 1995-96 academic year, however, is ahead of last year.

Marriott School graduate students are noted for their foreign language ability—more than 70 percent are multilingual. The statistics below show how the class of 1995 fared in the job market. E

### SALARIES BY PROGRAM

Program	Mean	Median	Range
MBA	\$47,356	\$48,000	\$24,000-\$73,000
MAcc	\$32,464	\$32,000	\$20,000-\$50,000
MOB	\$42,787	\$41,000	\$35,000-\$55,000
MPA	\$31,671	\$31,900	\$22,000-\$42,678

### SALARIES BY FUNCTIONAL AREA

Functional Area	Program Percentage				Range	Mean
	MBA	MAcc	MOB	MPA		
Accounting	0	82	0	9	\$20,000-\$50,000	\$29,571
Consulting	6	0	0	18	\$28,000-\$55,000	\$43,857
Finance	28	0	0	0	\$30,000-\$72,500	\$49,493
Human Resources	4	0	100	36	\$27,000-\$55,000	\$41,715
Information Systems	4	18	0	0	\$28,000-\$47,000	\$36,308
Investments	9	0	0	0	\$45,000-\$60,000	\$51,429
Law/Judicial	4	0	0	0	\$31,000-\$73,000	\$46,667
Management	8	0	0	27	\$22,000-\$50,000	\$40,450
Marketing	23	0	0	9	\$25,000-\$57,600	\$44,329
Operations	14	0	0	0	\$30,000-\$55,000	\$44,831

### PROGRAM PLACEMENT BY REGION

Region	Program Percentage				Range	Mean
	MBA	MAcc	MOB	MPA		
Middle Atlantic	6	3	0	7	\$30,000-\$60,000	\$47,167
East North Central	10	6	0	0	\$31,000-\$73,000	\$45,788
West North Central	12	3	33	7	\$22,000-\$58,000	\$42,200
South Atlantic	4	8	0	0	\$26,000-\$55,000	\$36,227
East South Central	0	0	11	0	—	—
West South Central	4	7	11	7	\$32,000-\$50,000	\$35,587
Mountain	31	41	33	73	\$20,000-\$70,000	\$34,107
Pacific	22	32	11	7	\$25,000-\$57,600	\$37,444
International	10	0	0	0	\$30,000-\$72,500	\$53,488

## Center for International Management

by Lee H. Radebaugh  
Director, Center for International Management

**T**he Center for International Management is responsible for coordinating the international curriculum, research, and outreach activities of the Marriott School of Management. In addition, CIM is responsible for coordinating the BYU side of the BYU/University of Utah Center for International Business Education and Research (CIBER). CIBER is one of 27 such centers funded by the U.S. Department of Education and the only joint CIBER in existence.

### International Society

The Marriott School of Management, the J. Reuben Clark Law School, and the Kennedy Center for International Studies initiated the International Society several years ago as a network for LDS professionals and BYU alumni who are interested in international issues. Members of the International Society are often members of the Management Society and Law Society as well. The benefits of membership in the International Society are:

- 1) Receipt of a newsletter twice a year that focuses on international activities at BYU.
- 2) A directory of all IS members around the world, sorted by professional interest, language background, and country expertise.
- 3) Participation in an annual IS conference held each year on the Monday of Education Week.

This year's conference theme was "For ye are all one in Christ Jesus": The Global Church in a World of Ethnic Diversity." This theme relates to President Gordon B. Hinckley's response at a recent press conference, where he said that the Church's greatest challenge is growth. The challenges of an increasingly diverse membership are, naturally, an important aspect of this growth.

If you are interested in receiving more information about the International Society, contact Lee Radebaugh, Brigham Young University, 650 TNRB, Provo, UT 84602, (801) 378-6495.

### Internationalization of Faculty

One of the uses of our CIBER funding is to provide international experiences for our faculty as part of an ongoing effort to help them bring global issues into the curriculum and to generate ideas for research projects. In 1995, we helped fund four faculty members who accompanied our EMBA students to Europe and Asia: Lynn McKell, Mike Swenson, Bob Parsons, and Gerhard Plenert. Lynn McKell made the following observation on his trip to Asia:

"In Japan, I gained a better understanding of the Kei-Don-Ren (federation of companies and government working together to develop a national/global competitive strategy). Our visit to the Mitsubishi plant was very informative. The degree of automation was an impressive illustration of a modern robotics-based assembly line that leveraged contribution margin through lower variable costs traded for high fixed costs.

"The Japanese infrastructure (physical, industrial, and political) for supporting global business efforts is extensive and impressive. The work ethic of the Japanese employees was evident, though I wondered if this could be maintained in view of obvious Westernization.

"The visit to the Volkswagen plant in Shanghai had several high points. While the 'manufacturing cell' concept was in place and it was surprisingly clean, there were many more people involved in the assembly operations. This provided a clear contrast to the situation found in Japan. Labor in China is very cheap, so it obviously makes sense to depend on the variable-cost element (labor) in contrast to the Japanese fixed-cost (robotics) approach.

"I was extremely impressed by the Motorola chip plant in Kuala Lumpur. This plant was obviously using modern technology in the manufacturing process, but I was even more impressed with the management and human resource aspects of this plant.

First, Motorola was effectively implementing some of the latest management techniques, specifically TQM and ISO 9000. Management's extensive effort in this area seemed to evidence a relatively complete understanding of TQM principles and a commitment to make them work.

"Second, I was impressed by the people. They had a fairly high degree of education, and they seemed to have a very high degree of motivation and commitment to Motorola.

"Third, I was astounded by the effective way that cultural and religious diversities were handled without banning the differences in the workplace. At Motorola, rooms were provided where employees of various faiths could go to fulfill their religious devotions."

Other visits on the Asian EMBA trip included the Shanghai Caohejing Hi-Tech Park, a Polaroid manufacturing facility, and the silk factories in Hongzhou, as well as visits to the countries of Singapore and Malaysia.

During the past five years of the CIBER grant, it has helped fund 25 faculty who have had similar visits and experiences.

### International Student Sponsor Program (ISSP)

The ISSP, a program that enables foreign students to study in one of the MSM's graduate programs, admitted 10 new students into the school fall semester, all enrolled in the MBA program. The students came from Brazil, Argentina, Chile, Hong Kong, and England. Students who graduated in 1995 took jobs with Wal-Mart (Argentina), Kimberly-Clark (Argentina), Chemical Bank (Singapore), General Motors (Brazil), Price Waterhouse (Moscow), Otis Elevator (Brazil), and Schwing Machinery (China).

Students who will graduate in 1996 were involved in summer internships with Otis Elevator (Brazil), Intel (U.S.), Woodgrain (U.S.), Pairgain Tech (Latin America), Utah Valley Regional Medical Center (U.S.), and Kodak (U.S.).

Since the program's inception, we have admitted 60 students and are now consistently graduating 10 students a year. The ISSP is a model for similar programs that the university is considering for other academic areas. E

## Center for the Study of Values in Organizations

*The Center for the Study of Values in Organizations is a recent addition to the MSM Centers of Excellence. Last year Professor David A. Whetten was recruited from the University of Illinois to direct this enterprise. We have invited him to share some of his thinking about the goals and objectives of CVO.*

In conjunction with my recent move to BYU to assume the position of director of the Center for the Study of Values in Organizations, I have been asked several challenging questions by my academic colleagues and business associates, including: 1) Do we really need another ethics center? I'm already overwhelmed with mail from other centers and institutes decrying the moral poverty in our society and claiming a unique solution. 2) Why did you select the name, Center for the Study of Values in Organizations? Aren't you overlooking the most important thing—personal morality and integrity? 3) Why should BYU and MSM sponsor a values center? Aren't Mormons already steeped in discussions about honesty and integrity?

These are good questions, because they have no easy answers. During the past year the faculty members associated with CVO have engaged in frequent discussions regarding the what/how/why issues associated with our organization's founding. It has become apparent that the more we study values in organizations the more we realize we need to learn. Consequently, I welcome the opportunity to share a few thoughts and observations here, in hopes of including others in our discussions of themes that are central to the espoused mission of BYU and the Marriott School.

### A Unique Perspective

I believe that CVO can and should bring a unique perspective to discussions of ethics and values. I believe this unique perspective will reflect two distinctive features of the center. First, many of the faculty associated with CVO are organizational scholars, rather than

philosophers of ethics. Second, we are sponsored by an LDS university. This context is bound to produce a different perspective. Organizational scholars tend to view individual behaviors as a combination of personal intent and situational constraint. LDS scholars are encouraged to approach their subjects with a unique combination of sacred and secular perspectives.

Most ethics or values centers at other institutions focus primarily on personal ethics (moral reasoning). In principle, we support the broadly held view that personal morality is the bedrock issue. Absent personal integrity, all discussions related to values and ethics at any level are futile. Because moral behavior is

statements" have become very popular in the business world. Most contemporary treatment of this subject, however, fails to distinguish between organizing principles and moral values. It has been our experience that managers are comfortable with discussions about priorities and tradeoffs involving organizing principles, like price versus performance, time versus cost, or efficiency versus effectiveness.

Furthermore, managers generally feel an obligation to align organizational behaviors with organizing principles (e.g., "We will not compromise quality.") In contrast, most managers feel uncomfortable debating moral values. They are especially uncomfortable with



*CVO Faculty Advisory Committee (left to right): Kristen DeTienne, Neil Brady, David Whetten, William Giauque, Owen Cherrington.*

ultimately a reflection of moral character, all discussions regarding what we should do must begin with a sobering consideration of who we should be.

We chose the more encompassing title, focusing on values in organizations, for two reasons. First, we believe that although values commonly associated with ethics, including honesty, integrity, consistency, and justice, are paramount, our theology teaches that they must be coupled with other important values, such as love, kindness, understanding, temperance, balance, and patience.

We believe that focusing on the encompassing category of values brings a broader range of interesting issues and challenging concerns into focus. For example, "organizational values

detailed, operational discussions about how to translate vague moral slogans into concrete moral actions—often arguing that managers need to be careful about "imposing their (moral) values on others." As a consequence of this widespread ambivalence about organizational moral values, the connection in most businesses between formal ethical codes (as well as broad values statements) and daily organizational actions is modest at best.

Another reason for our broader, more encompassing focus is that we believe that "moral managers" can not afford to limit their focus to matters of "personal ethics." The avowed purpose of a management school is to prepare students for management positions. In that

capacity, an individual has two ethical responsibilities: 1) conducting one's personal affairs according to the highest code of ethical principles, and 2) creating an environment in which all others within the manager's sphere of influence believe that ethical actions are the only acceptable option. Many ethics cases and related teaching materials ask students to focus on the first responsibility, but ignore the second. This is troubling, given the fact that an organization is more than a collection of individuals—which means that creating a climate where ethical behavior becomes the “default option” involves much more than simply hiring ethical people. Transforming personal ethics, even broadly shared personal ethics, into institutionalized ethical behavior requires managers to use the full range of management tools at their disposal.

Our concern in this area is reflected in Will Rogers' adage: “The problem with people is that common sense isn't necessarily common practice.” The difference in performance between mediocre and excellent organizations or leaders generally has little to do with differences in their knowledge or beliefs. Instead, it is more often a reflection of their ability to institutionalize common sense as common practice.

This observation has helped us realize that although Mormons generally get high marks for honesty and integrity, our graduates need to be prepared to effectively engage a number of values-related challenges in the workplace.

#### Four Integrating Themes

Undoubtedly the most distinctive aspect of CVO is that we are sponsored by an LDS university. Through all our discussions of personal and organizational ethics and values we hope to weave four integrating themes drawn from our theological roots.

1. *Be willing to consider deep, inside-out change.* Changes in the taken-for-granted, daily routines of individuals and organizations are generally provoked by a perceived incongruence among identity (who we are), image (what we want others to believe about us) and reputation (what we hear others saying about us). In most situations change works from the outside in

and is guided by the premise that we will make only those changes (beginning with the most superficial) necessary to reduce the perceived dissonance. For example, organizations “call in the spin doctors” to discount troublesome feedback (often by discrediting its source). Seldom is the identity question ever addressed. Along with other colleagues at BYU who have thought a great deal about the parallels between a religious conversion experience and the secular change process, we would like to bring to personal and organizational deliberations some understanding about when and in what manner profound questions about identity changes should be addressed. We see this as a particularly relevant topic for CVO, because identity questions invariably raise questions about personal and organizational values, such as, “Do we have a core set of shared values?” or “Is it time to reexamine our values?” or “Whose values are we talking about here?”

2. *Focus on doing more positive, not just doing less negative.* Often ethics is taught as a pathology—a series of bad examples (sickness) is followed by a list of good principles (remedies). In the gospel we are taught that simply avoiding sin is not sufficient for salvation. We must become justified *and* sanctified; we must repent *and* remain pure; we must give up our “disposition to do evil” *and* “be anxiously engaged in a good cause.” Edmund Pincoffs has argued that ethics should focus more on building ethical character and less on avoiding unethical choices.

3. *Recognize that moral action entails both “decision making” and “dilemma managing.”* Western thought, according to philosophers, is dominated by an Aristotelian “either/or” logic. This is reflected in the “concerned parent” version of ethical training: “You have been taught what is right and wrong, and I want you to always have the moral courage to choose the right.” There is clearly a place for this approach—out-right dishonesty and cheating are serious contemporary problems. Not all moral issues, however, can be reduced to right-versus-wrong choices.

Inasmuch as the effective management of moral dilemmas often requires us to use “both/and” logic, the more a

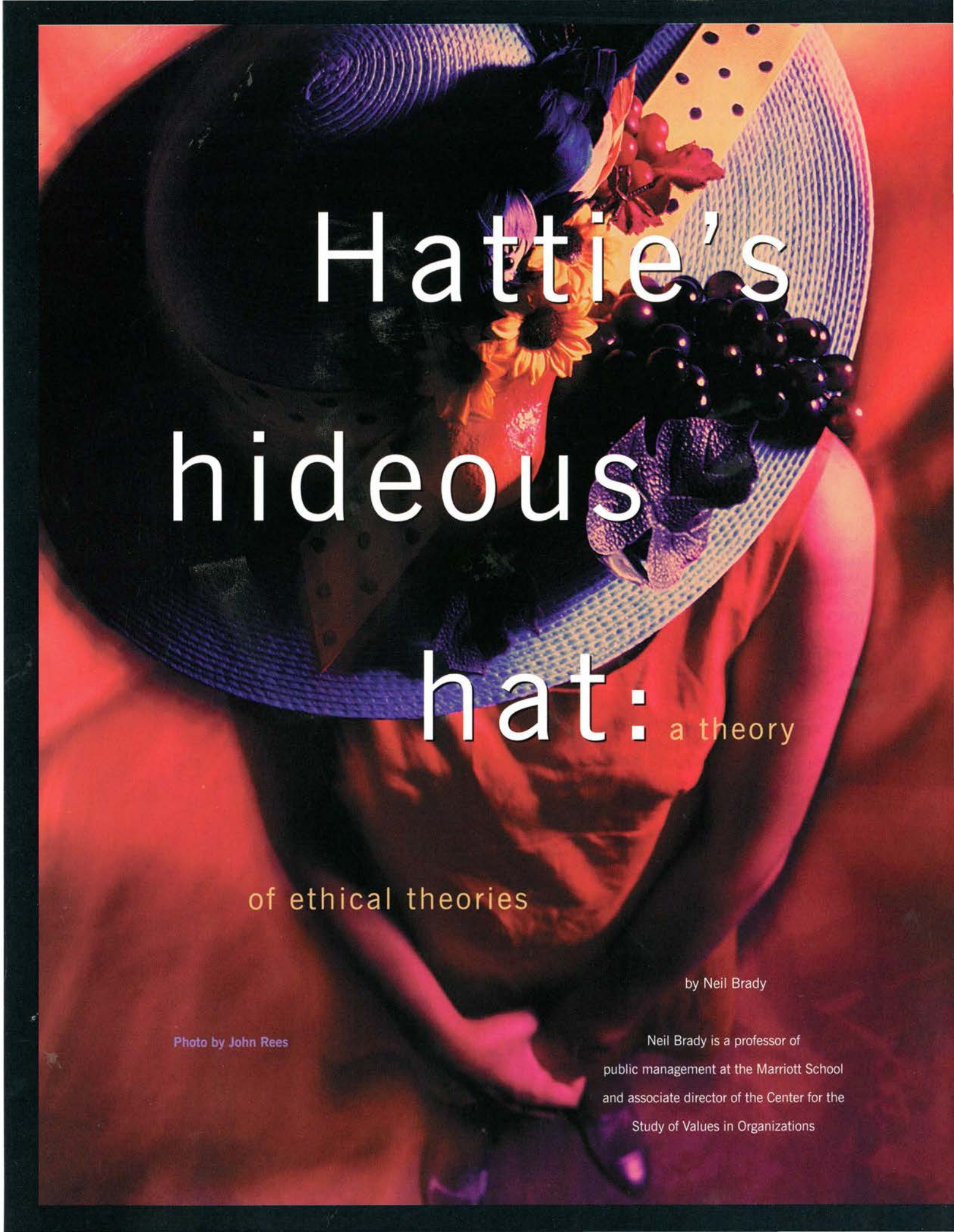
true dilemma is framed as a choice, the less likely we are to consider synthetic, integrating options. Our theological tradition contains a rich blend of both moral choices and moral dilemmas. By better understanding their differences and similarities in a theological context we hope to extract principles that can be generalized to an organizational context.

4. *Recognize the inherent tension between universal principles and situational considerations.* There is a difficult language problem that sometimes impairs information sharing between ethics scholars and the religious community. When asked which is better—consistently following a universal moral code regardless of circumstance or adapting one's principles to situation-specific conditions—most religiously inclined individuals favor the first alternative. The second is derisively referred to as an “amoral, unprincipled position” encapsulated in the label “situational ethics.”

Within this logic, “universal” is linked with “moral” and “situation” is linked with “amoral.” The scriptures, however, are replete with examples of the Lord condoning, and in some cases even commanding, the seemingly unnatural synthesis of universal moral laws and peculiar situational circumstances.

The ultimate moral paradox, therefore, appears to involve the seemingly incompatible strategies for resolving moral paradoxes. That is, how does one simultaneously “look up” for higher principles and laws (that might reconcile apparent inconsistencies in lower principles and laws), and “look down” for finer, more subtle, more situation- or person-specific detail (that might justify local adaptations or variations of “universal” laws or principles)?

In conclusion, I believe that CVO can make a very important contribution to the study, teaching, and implementation of what we have broadly defined as organizational values. Our unique voice needs to be added to a very large, well-established, and highly productive choir of ethics and values scholars. Our plan is to do this by examining the subject of personal ethics within the context of personal and organizational values, and by examining all questions and issues pertaining to ethics and values within the context of LDS theology. ■



# Hattie's hideous hat: a theory

of ethical theories

by Neil Brady

Photo by John Rees

Neil Brady is a professor of  
public management at the Marriott School  
and associate director of the Center for the  
Study of Values in Organizations



our Aunt Hattie is one of your favorite relatives. Over the years, you and she have become good friends. She has her idiosyncrasies, and some of your friends think she is "strange." But you dearly love her and would do nothing to hurt her feelings. One day Hattie pays a surprise visit to your office at work. The receptionist has greeted her and is about to usher her into your office. You notice that Hattie is wearing a hideous hat: It has a wide brim and a yellow bow with purple polka dots; it sports feathered birds and plastic fruit. The whole thing is quite grotesque. A moment later, Hattie bursts into your office all aglow with pride and enthusiasm, and she asks, "Hi! How do you like my new hat?!" What do you say?

#### **LOTS OF DIFFERENT VOICES IN ETHICS**

When I ask people to consider this case, I usually get rather evasive replies: "It looks interesting" or "Where did you find that?" or "It's you!" And so on. The evasion in their answers suggests a lack of comfort with the obvious choices—tell her the truth and hurt her feelings or lie. And when I limit people's choices to those two possibilities, about half decide to lie while the other half are willing to hurt a loved one's feelings.

As I have thought about this and dozens of similar ethical dilemmas over the years, I have concluded that we don't all think alike about ethics. Despite the fact that most of my students are returned missionaries, and despite the fact that 95 percent or so have been members of the Church for many years, there is less homogeneity than one might expect when it comes to resolving difficult cases in ethics. The reason for this is that through the course of history many convincing "voices" have spoken about ethics—philosophical voices, cultural voices—and each of us has inherited bits and pieces of these voices. Sometimes, because of differing personal development, each of us is disposed to think in different ways about complex issues. All of this is what makes ethics interesting: We work toward agreement, but we have vigorous conversations along the way.

Many times I have run across attempts by scholars to list all the possible "voices" in ethics. The history of the development of ethical theory is long and diverse: rule deontology, act deontology, rule utilitarianism, act utilitarianism, teleology, consequentialism, character ethics, ethical egoism, ethical formalism, virtue ethics, justice and fairness, rights-based ethics, and so on. One could name many more.

But I have never felt satisfied with mere lists. How do we know when we have come to the end of the list? Have we forgotten something? Are these ideas all independent of each other, or are there any relationships among the ideas? Such questions become increasingly pertinent as an examination of different lists reveals just that—different lists. So, one of my long-term personal interests in ethics has been a "theory of theories." My purpose here, then, is to outline a framework for thinking about the possible major theories in ethics.

#### **A SCHEMA OF SIX THEORIES IN ETHICS**

In the past, historians of ethical theory have been "hunters and gatherers": Their collection of ethical theories is historical but not very systematic. I propose that we try something more like "farming" than "gathering." I propose that we think systematically about the possibilities for different voices in ethics. And when you farm, you map out rows with a certain number of plants in each row. When you harvest, you know that if you go row by row, you can complete the harvest and will not have missed anything. So, let's build a "farm of ethical theories."

First, we need to lay out the rows. There will be only two. In the history of ethical theory, one distinction stands out. It is the distinction between universals and particulars in ethics. Any given way of thinking about ethics usually emphasizes one or the other. Examples of a universal would be “No one should ever break a promise” or “All human beings should become brave.” Universals are thought to apply to everyone. They generally take the form of rules, principles, laws, constitutions, rights, duties, statutes, and so on. Universals confer stability and unity upon ethics. Without universals, ethics runs the risk of degenerating into individual subjectivism or cultural relativism. Ethical universals are the glue that prevents ethical discussion from falling apart into fragments of unrelated conversations.

Ethicists have always sought for universals. But what frustrates this search is ethical reality. Human life is so rich with concrete detail and situational idiosyncrasies that it sorely tests the capacity of universals to deal with such particulars of experience. There just seem to be exceptions to every rule. But particulars are more than just obstacles to the construction of ethical universals; they are the stuff of life. Without close attention paid to particulars, ethical theory quickly degenerates to dogma and ideology.

Iris Murdoch has written, “So far as goodness is for use in politics and in the marketplace it must combine its increasing intuitions of unity with an increasing grasp of complexity and detail.”<sup>1</sup>

It’s the similarity and commonalities in our lives that makes possible the search for ethical universals, but it’s the differences that remind us to pay attention to particulars. Both are important. As William James once said, “There is very little difference between one man and another, but what differences there are are very important.”<sup>2</sup> On the one hand, we ought to treat Aunt Hattie like anybody else; on the other hand, Aunt Hattie is different from anybody else. Ethics tries to pay attention both to the similarities and the differences.

So much for the two rows of our schema. Now, to lay out the columns. Just because we can classify all ethical theories or voices in one or the other of two camps (universals or particulars)

SIX ETHICAL VOICES			
	FAITH Ethics as Duty	HOPE Ethics as Purpose	CHARITY Ethics as Caring
UNIVERSALS	A. Ethic of Principle	C. Results-Based Ethics	E. Ethic of Universal Love
PARTICULARS	B. Situational Ethics	D. Ethic of Self-Actualization	F. Ethic of Personal Relationships

does not mean that we have an interesting approach. We must divide up the rows according to some other set of concepts which also comprehends all ethical theories but in a different way.

I propose that the set of concepts we use for the columns is the traditional Christian trichotomy of faith, hope, and charity. Of course, the “faith, hope, and charity” referred to in the New Testament are of a specific type, but I want to employ this trichotomy in its least restrictive mode and without implying any specifically Christian content, for the time being. The advantage of using this set of concepts is that it gives us some sense of completeness. Whether it is superficial or profound remains to be seen.

Interestingly, these concepts conform closely to a major set of developments in the history of ethical theory. Three major brands of ethical thought from this century are (1) an ethic of duty, (2) an ethic of purposes, and (3) an ethic of caring.

An ethic of duty (deontological ethics) is an ethic of faith because one must have faith in the source of duty, whether that be God, reason, or some popular leader. Without faith in something, ethics of duty don’t even get started. An ethic of consequences (teleological ethics) is an ethic of hope because not all consequences are to be equally hoped for. People have purposes for living. And according to this ethic, those consequences that promote human purposes are preferred over those that impede the pursuit of human purposes. Finally, an ethic of caring is an ethic of love or charity. The object of our love may be a personal friend or it may be all humankind.

Now, we have mapped out our farm of ethical theories. It consists of six possibilities of “voices” or theories in ethics. I offer brief descriptions of each of the six possibilities below.

*A. Ethic of Principle.* An ethic of uni-

versal duties is most frequently thought of as an ethic of principle. A person who espouses this approach to life is said to be a “person of principle.” Such a person’s life is structured according to a set of reliable guidelines. At the risk of oversimplifying, but as an illustration of this approach, I suggest that this kind of person might tell Aunt Hattie the truth.

In fact, in the history of ethics, principle-based ethics frequently cite general honesty as a prime example of a universal principle. The great German philosopher of the eighteenth century Immanuel Kant represents perhaps the clearest professional example of this approach to ethics. His *Foundations for a Metaphysics of Morals* is tough reading, but may be perhaps the single most respected writing on ethics in philosophical history.

*B. Situational Ethics.* Persons who emphasize this approach are skeptical of rules or principles. They are impressed that the concrete details of a situation determine one’s duty, not some abstract principle. Rules provide general guidelines—“rules of thumb,” so to speak—but persons and situations are so different that the construction of reliable principles is futile.

People who believe in situational ethics would be unable to tell you in advance how they would treat Aunt Hattie. That little thought-experiment is too hypothetical. But in the actual meeting with her, they would try to intuit what they ought to do. Fletcher’s book *Situation Ethics* is the classic example of this point of view.

*C. Results-Based Ethics.* This cell of the matrix is fairly large. Several closely related points of view belong here. They are frequently referred to as “teleological ethics.” They all share the task of specifying the general human purposes to which we should all strive. The best known virtue ethicist is Aristotle. His *Nicomachean Ethics* describes the kind of life proper for all human beings.

More recently, Martin Luther King's "I Have a Dream" speech illustrates a life guided by the goals of nonviolence and reducing discrimination.

In this century, the most dominant form of universal teleology is "utilitarian ethics." Without identifying any specific human goals, it respects the differing goals of individuals and seeks to secure the "greatest good for the greatest number of people," whatever their individual preferences may be. A utilitarian might lie to Aunt Hattie out of respect for her feelings. Presumably, the lie would bring about more good consequences than bad, and there is no intent to serve oneself by so doing.

D. *Ethics of Self-Actualization*. One can also think of human aims or purposes as being specific to each individual—an "ethic of callings," as it were. To determine a teleology according to the particulars of the situation implies that individuals might have particular purposes for living, not shared by others. The concrete differences between one person and another suggest separate vocations, destinies, or roles to play in life. A teleology of this sort is very personal.

One important writer in this tradition is Ayn Rand. She is most famous for her novels, including *Fountainhead* and *Atlas Shrugged*. But the most rigorous presentation of her ethic of self-actualization is found in *The Virtue of Selfishness*. Rand would urge us to help Aunt Hattie only if it were consistent with our remaining loyal to our personal commitments and goals. One's personal projects and aims determine what one would say in that situation.

E. *Ethic of Universal Love*. This approach to ethics is similar to the New Testament notion of charity, or love for humankind. In fact, the example of the Good Samaritan urges us to show love for all human beings, even those we might otherwise feel inclined to despise.

The writings of Albert Schweitzer are probably the most widely known example of this approach to ethics. His notion of "reverence for life" implies that true charity is not limited to human beings. Indeed, the most universal love is directed toward all creation—plants and animals included. I'd like to know how Schweitzer might have answered Aunt Hattie. Charity takes different

forms; and both sympathy (hide the truth) and honesty (tell her) are elements of charity.

An environmental ethic might feel comfortable here. Likewise, what we now call "stakeholder theory" in business ethics might fit most securely in this cell of the schema. This theory urges business leaders to widen their circle of care and responsibility to include any who might be influenced or affected by their business activity.

F. *Ethic of Personal Relationships*. Finally, one can think of ethics as deriving originally from the close personal relationships one develops. A person has greater responsibilities toward one's own children, for example, than toward children in general. Simone Weil has articulated the nature of this kind of ethic: "I think that there is a question of friendship, a personal friendship between two beings, by which God's friends should be bound each to each. Friendship is the one legitimate exception to the duty of loving universally" (*Waiting for God*).

Two contemporary authors who focus on the ethic of personal relationships are Nel Noddings (*Caring: A Feminine Approach to Ethics and Moral Education*) and Carol Gilligan (*In a Different Voice*). Again, it is less clear just how persons holding this view might respond to Aunt Hattie; but at the risk of simplifying their position, I think they would conceal their true feelings about the hat, at least initially, out of love for their aunt.

### What All This Means for Ethics

The schema I have described above systematically harvests the fruit of all the major movements in ethical theory with which I am familiar. And this has some advantages. One is that we are forced to pay attention to views that might not otherwise be personal favorites. And in so doing, we become much better acquainted with how other persons think; and, of course, increased understanding tends to build tolerance and reduce conflict.

A second advantage is greater insight into ethical dilemmas. When we encounter them, we naturally feel that one side must be right and the other wrong, leading to contention and mis-

understanding. I call this the "myth of either-or thinking." A better way to think about dilemmas is that there are many different kinds of right, and we must use good judgment to sort them out according to our own circumstances, abilities, and interests. To reason ethically is like weaving a net: one compares the strength of one set of considerations against the joint strength of other considerations. For this kind of thinking there is no formula; one must simply use good judgment.

Third, this multidimensional approach to ethics emphasizes more than just our motivations for action; it focuses on our need to produce reasons for what we do. This is especially true for managers in large organizations, who are accountable to a wide range of people for their decisions. It is one thing to make an ethical decision; it is quite another to explain to someone else why we think it so. Seeing that explanations in ethics can take at least a half-dozen different forms might encourage us to consider more carefully the kinds of reasons we give for our actions, keeping in mind that people of differing dispositions in ethics will be listening to what we have to say.

Finally, although I have used faith, hope, and charity as a general secular guide for developing the points of view described above, we can be grateful as Latter-day Saints that we are in possession of correct answers to the questions: "In what should I have faith?" "For what should I hope?" "For whom should I have charity?" Put briefly, we have faith in the Savior, hope for eternal life, and charity for all. Only as we come to understand faith, hope, and charity as the Savior taught can the many voices of ethics become unified and speak to us as with one voice. This is truly good news for an otherwise fragmented and confused world. ■

### Notes

<sup>1</sup>Iris Murdoch, *The Sovereignty of Good* (London: Routledge & Kegan Paul, 1970), p. 96.

<sup>2</sup>William James, *The Will to Believe* (New York: Longmans, Green, & Co. [1896], 1919), pp. 256-57.

<sup>3</sup>Simone Weil, *Waiting for God*, trans. Emma Craufurd (New York: Harper & Row [1951], 1973), p. 98.

# Super Size It! Even Greater Opportunities for Entrepreneurs

by Donald H. Livingstone  
Director, Center for Entrepreneurship

All of a sudden, the phrase "Super size it!" isn't limited to fast-food outlets. Instead of spending 39 cents to upgrade to the megasize soft drink and the diet bustin' carton of french fries, the price tag for this new "Super Size" is more like \$5 to \$20 billion. The buyers are gobbling up large companies such as Capital Cities/ABC Broadcasting, the Santa Fe Pacific and Southern Pacific Railroads, and Chase Manhattan Bank, one of the nation's largest banks.

Why? The resulting "Super Size" corporation's goal is primarily three-fold. First, the buyers seek to acquire market share—if possible, market dominance in their product and service lines. The second goal is to achieve both revenue increases and cost savings from choosing the "best practices" and strongest product lines, and then integrating all aspects of sales, marketing, production, and administration. The final goal is to provide integration of complementary product lines and increase revenues through cross-selling. Many of these "Super Size" acquisitions have more than one of these goals as their strategic objective.

The acquisitions of Capital Cities/ABC by Disney, Santa Fe Pacific by Burlington Northern, Southern Pacific by Union Pacific, Lotus by IBM, and Chase Manhattan Bank by Chemical Bank are the latest domestic manifestations of this trend. For a number of years, consolidation by acquisition has occurred in certain industries—primarily those impacted by deregulation such as banking, airlines, health care, and broadcasting.

But by no means is this a phenomenon limited to North America. Large international companies continue to make mega-acquisitions, in both their own countries and across borders. Witness the acquisition of a number of leading U.S. drug manufacturers during this last year.

Are we destined to become a country, or even a world, of only "Super Size" corporations? The answer is both yes and no. "Super Sizing" yields tremendous benefits to companies, such as a dominant market share, economies of scale, the ability to increase revenues through cross-selling, and the elimination of duplicate costs.

But the move towards "Super Size" companies only creates additional opportunities for creative-minded entrepreneurs. There is no doubt that the aircraft carrier is the biggest ship and most powerful weapon in a naval task force. But there are lots of smaller ships that fill specific, vital tasks, all of which are required for the task force to succeed.

Our economy has that same need and opportunity for companies of various sizes and skills. Why has the business environment for creative entrepreneurs never been more favorable? In large measure, it is due to the very existence of these "Super Size" companies.

First, "Super Size" companies are most effective and profitable in products and services when a large volume market exists. Businesses today have two targeted "ROEs"—return on equity, with which we are all familiar, and return on effort. Smaller volume applications may not produce one or either of these ROEs. When this happens, the larger corporation is apt to sell off this product line, often at very favorable prices.

Hundreds of successful entrepreneurs operate companies that owe their genesis to a "spin-off" or "sell-off" that occurred when a product line couldn't meet the targeted return on equity or return on effort.

Another opportunity for entrepreneurs arises because more and more corporations, including the "Super Size" companies, are far more willing to outsource certain operations and activities to those who can do them well and at a lower cost.

Entrepreneurial companies are the leading suppliers of services in the outsourcing market, because they generally work without the high levels of overhead present in the bigger companies and because they are usually able to achieve higher levels of pro-

ductivity and creativity. Successful outsourcing companies provide such diverse resources as data processing, production line workers, inbound telephone marketing and sales services, and janitorial services.

Third, customers have become more and more demanding for high-quality products and services that meet specific needs. The increasing number of two-income households leads not only to demands for a higher level of convenience, but also to higher disposable incomes and increasingly selective tastes.

Many entrepreneurs have used one of these high-quality, specifically targeted products as the springboard to a successful business. An example is a rapidly growing company in Orem, Utah, where an entrepreneur perceived an opportunity as he struggled with the unwieldy and easily-damaged wooden tables used in church recreation halls. Was there a solution? Yes! And most of us have blessed the inventor of the light-weight but extremely durable plastic tables now being used in our church recreation halls.

In true entrepreneurial fashion, the company is now marketing these light-weight tables and related products worldwide, where they are used in major hotels, convention centers, and universities. From relatively humble beginnings in 1987, this company's sales have increased to approximately \$17 million this year, with profits of almost \$2 million.

Are there more opportunities like this? According to observers of the entrepreneurial world, opportunities are increasing. What we need are more people with the courage and creativity to be entrepreneurs.

Tom Peters recently commented that "Our forefathers launched America with brash risk taking—our most precious heritage. At exactly the wrong time, we are on the verge of losing it." Few other organizations have been as entrepreneurial throughout their entire history as The Church of Jesus Christ of Latter-day Saints. It is in our blood and our roots.

So the next time you hear "Super Size it!" think big! Think entrepreneurially! There's never been a better time to be an entrepreneur. E

I will close with a stunning quote from Gandhi, who was asked in the 1940s if he would like to send a message to African-Americans. He replied simply, "My life is its message." That is what I think the challenge is for all of us.

**MARK WILLES:** How interesting to participate in an ethics panel and learn that every politician, including the senator from Utah, is a crook. That kind of candor has made my day. Since I am last and time is short, I'm going to confide in you one observation, tell you one story, and then leave you with a dilemma (at least for me it is a dilemma).

I will confide in you that I came today with a lot of questions. I am grateful to say some of those questions have already been answered by those who have gone before me, and for that I am deeply grateful.

The story has to do with a Dutch executive who went to a dinner in East Berlin just at the time when East Germany's economic and political infrastructure was crumbling. An East German official had also been invited to this dinner, but he was late. He finally got there when the dinner was almost over; he was perspiring and had obviously had a very frustrating day.

This European executive asked him what the trouble was, and he said, "Well, the trouble is that some years ago when there was a worldwide energy crisis, we determined that decisions having to do with energy were too important to leave to ordinary people. Therefore, we centralized decisions having to do with energy." He meant it literally—when they built new buildings and complexes, they put no heat or air conditioning controls in any of those buildings. The control was at the power plant, so that presumably smart people who could be trusted could make appropriate decisions about energy.

Well, the winter had just passed, and the heat had been turned on, and then the economy began to crumble, and the engineers who knew how to run this power plant started going off to do other things—which was no problem in February, but at the time of this dinner it was summer, and it was hot. Nobody

knew how to turn the heat off. This official was late because he was trying to find somebody who could turn down the heat in these buildings.

The Dutch executive, who was the host of the dinner, said to himself, "What a foolish thing to do! Those East Germans, how silly can they be to make a decision like that." Then he stopped for a minute and said, "I wonder how many times in my own organization I have done the same thing. How many times have I said, 'That decision is too important to leave to someone else'?" How many times have I decided that I or my immediate subordinates were the only ones who could be trusted to make the right decision?" He went back and found that in his own organization he had done the same thing many times.

He realized that in today's fast-paced, competitive world, if you have an organization of any size, nobody is smart enough, nobody has enough time, to

talk about downsizing and reengineering, and in some sense these things seem to be absolutely required for organizations to be effective and competitive in today's environment—and that for me is the dilemma.

I have inherited a magnificent organization. At times we are a remarkable company. Its performance, however, must be dramatically improved. How do you go about significantly changing the performance of an organization, which by its nature will be disruptive because you will ask people to do things they have not done before? You will probably ask that fewer of them do it, and at the same time you must create an environment of trust. How, at the very time you are creating uncertainty, do you make people feel that there is a culture of trust?

Trust, it seems to me, is very much like a rod that has to be held at both ends. Trust has to go both ways. If it is dropped at either end, it collapses of its own weight. And by the very nature of changing organizations, we create uncertainty. We may talk about how much we want to have responsibility for our own careers. We may talk about independence and self-reliance. We may talk

make all the decisions that are required to keep the organization moving forward effectively. You have to create an environment of trust. Yes, you have to set high standards. Yes, you have to provide the proper resources and training and tools. Yes, you have to hold the people accountable for the things they are expected to do. But none of that will work unless you have created an environment of trust, so that lots of people in the organization can get on with it.

Now the dilemma. At the same time that we say we must create an environment of trust, we look at the world and see that it is changing rapidly and significantly; that standards which seem sufficient today are not sufficient tomorrow; that the organization that seems to make sense today doesn't make sense for tomorrow. Therefore, if we are to be effective, we must always be changing the way we do things, changing what our people do. At times we must even change the number of people we have doing what they do. So we hear a lot of

about making sure that we train our people so that if we don't have a good job for them, they can get a job somewhere else. We can talk about all those things, but I know personally, as much as I press for change, I hate it, because it is disruptive and painful and difficult. So the dilemma—how do we create an environment of trust, which we must do if we are to be successful, and at the same time have organizations that are constantly in flux? That is the dilemma. I don't have the answer, although, as I said at the beginning, I am grateful that I now have more of the answer than I had before I came.

I suspect—if people feel that there is an environment of genuine affection, of genuine deep caring, the kind of caring that allows us to be absolutely honest and candid with each other, the kind of caring that allows us to develop shared values that go deep into who we are and what we are as people and as organizations—that that is part of the answer we need to solve this dilemma. ■

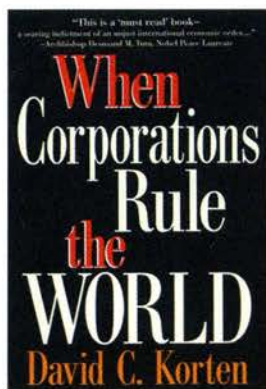


trust

## Book Review

by Roger Terry

**When Corporations Rule the World** by David C. Korten. Kumarian Press and Berrett-Koehler Publishers, hardcover, \$29.95, 333 pages.



In this extensively researched analysis of modern corporate power, David Korten expresses deep concern that the emerging global economic system, dominated by immense transnational corporations, has become a serious threat to long-term human interests.

Korten, founder of The People-Centered Development Forum and former Harvard Business School faculty member, has 30 years of field experience in Asia, Africa, and Latin America, including eight years as senior advisor to the U.S. Agency for International Development. Considering his background, one would expect a much different book from the one he has written.

His experiences, rather, have contributed to a firm belief that development efforts and corporate expansion in the Third World result in unhealthy outcomes; they tend to further impoverish the already poor while enriching the small upper class in these societies. They result in the pirating and polluting of the local environment and a shift in production from goods that satisfy basic local needs to exportable products that “earn the foreign exchange to buy the things that wealthy people desire.”

The effect of Third World development is but one of Korten's concerns. He looks into the “accelerating social

and environmental disintegration in nearly every country in the world—as revealed by a rise in poverty, unemployment, inequality, violent crime, failing families, and environmental degradation”—and finds a common source: economic globalization resulting from the concentration of corporate power.

Korten's argument can be laid out as follows. From their restricted beginnings, corporations have expanded their autonomy for the past two centuries until finally they have claimed the same rights enjoyed by individual citizens (including freedom of speech). Thus, corporations can use their vast resources to influence government action, which “mocks the constitutional intent that all citizens have an equal voice in . . . political debates.” And even as they influence government, they seek through globalization to become unaccountable to government.

Transnational corporations, in turn, are slaves to the “forces of a globalized financial system that has delinked the creation of money from the creation of real wealth.” Corporations are therefore constrained to seek the greatest short-term gains, regardless of how or where they are to be found. If it means moving operations or, preferably, outsourcing production to a country that sanctions child labor and cares little for worker safety or the environment, then so be it.

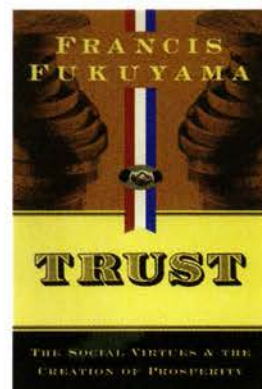
In America, this translates into a greater disparity between rich and poor. “In an economy that measures performance in terms of the creation of money, people become a major source of inefficiency—and the economy is shedding them with a vengeance.” Thus, the majority of people come to have little productive function in the global economy and serve the system only as consumers. To accept this “absurd distortion of human institutions and purpose should be considered nothing less than an act of collective, suicidal insanity.”

The last section of the book offers an ambitious agenda for change, and although it is unlikely this agenda will ever be adopted, Korten's is one of the most important and comprehensive evaluations of corporate capitalism yet. At times frightening, always carefully documented, and consistently controversial, this book is a must read for anyone concerned about the future of human society.

## Book Review

by Roger Terry

**Trust: The Social Virtues and the Creation of Prosperity** by Francis Fukuyama. Free Press, hardcover, \$25.00, 362 pages.



Francis Fukuyama, author of the best-selling *The End of History and the Last Man*, in which he argued that the human historical process had culminated in a universal capitalist and democratic order, has written a sweeping assessment of the emerging global economic system “after history.”

I must say at the outset that I cannot imagine a book more dissimilar from Korten's work. Analyzing the global economy from a completely different point of view, Fukuyama has created a fascinating, well-reasoned, and believable thesis about “social capital” and the creation of prosperity.

Fukuyama, senior social scientist at the Rand Corporation, argues that a society's level of spontaneous sociability and the degree of trust among its citizens are significant factors in determining not only the structure of its economy, but also its ability to generate prosperity.

Those cultures, he argues, in which individuals tend to easily associate with others beyond the confines of family relationships are high-trust societies and are more capable of developing economic ties in the form of large commercial enterprises than low-trust societies. These nonfamily corporations, of course, have been the basis of economic dominance in the latter half of the 20th

century. Cultures, on the other hand, in which family ties are either too restrictive or too weak tend to be low-trust societies in which individuals find it difficult to create social capital.

Using the criterion of trust, Fukuyama divides the world's societies along far different lines than is customary, finding great similarities, for instance, between the United States, Japan, and Germany. These are high-trust societies, he says, where individuals spontaneously associate with others who are not members of their families. It is not surprising, then, that these three countries have spawned large, nonfamily corporations that dominate both domestic and global economies.

China and Italy, on the other hand, have traditional cultures in which the family is so strong that individuals find it difficult to trust non-family members. Their economies, as we might expect, are composed of many small family firms, and they have found it difficult to form large corporations. Fukuyama also finds similarities between Russia and France, where strong central governments destroyed social capital and left the citizens largely incapable of forming voluntary economic associations of any significant size.

In this context, Fukuyama puts to rest a couple of cultural myths about America. First, he claims that America does indeed have a unique culture, and is not just a conglomeration of the cultures that went into the proverbial melting pot. He convincingly traces the roots of our high-trust culture, in fact, to our sectarian Protestant history. This explanation makes a great deal of sense.

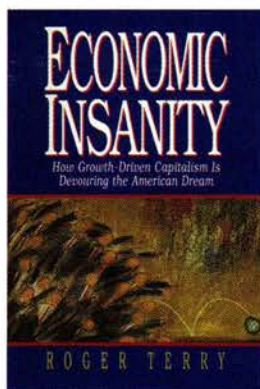
The second myth he debunks is the notion that Americans are rugged individualists. If anything, he says, we are rugged conformists. "We have NOT been the nation of rugged Lone Ranger individuals of our myths, but a nation of hyperactive joiners without peer."

Fukuyama warns us, though, that we are now in the process of depleting the social capital our ancestors accumulated for us. This is a dangerous trend, both economically and socially. The question Fukuyama does not answer in this book, however, is the question David Korten asks: Supposing we do restore our social capital, just where is our propensity to form large corporations taking us?

## Book Review

by Warner P. Woodworth

**Economic Insanity: How Growth-Driven Capitalism Is Devouring the American Dream** by Roger Terry. Berrett-Koehler Publishers, hardcover, \$24.95, 190 pages.



This new book is a powerful critique of traditional economic and managerial assumptions—namely that bigger is better, more is moral, and self-interest is salvation. In this trenchant analysis, Roger Terry takes on the sacred beast of traditional economics.

With a foreword by Willis Harman, perhaps the most influential advocate for transforming today's businesses, Terry pushes the envelope by suggesting that the current dominant business paradigm does not merely need fine-tuning. It needs a complete overhaul.

*Economic Insanity* provides an extraordinary and provocative account of the modern world economy's wretched excesses. This wide-ranging volume confronts us with the grim realities of contemporary society. In spite of the fall of the Berlin Wall and collapse of communism, global crises are accelerating. New technologies, economic expansion, and consumption patterns are not solving society's problems, which fosters a sense of futility among the people.

Terry traces the origins of the great American Dream articulated by the Founders—including a high quality of life, democratic liberty, and the potential for individual and collective happiness. Such a vision is far above the stunted

view of Ronald Reagan who declared: "What I want to see above all is that this country remains a country where someone can always get rich."

According to Terry, we need to rise beyond empty consumerism, hostile corporate takeovers, downsizing and joblessness, powerless workers and disenfranchised citizens. The dangerous gap between rich and poor is symptomatic of today's bifurcated society, leading to disillusioned citizens and alienated employees.

An alternative paradigm to the pathos in the first half of Terry's volume is his proposal—to create a system in which human beings come first. Instead of corporate domination of society, his vision lifts people over products and places fulfillment of human needs above bureaucratic license.

In the words of Keith Darcy, Prudential Securities vice-president, *Economic Insanity* "offers insightful arguments that cause us to rethink the basic assumptions of capitalism and restores rational thinking and a moral foundation to today's upside-down world of looking-glass economics."

The last half of the book outlines the essence of a more ethical and egalitarian American system. In true Jeffersonian fashion, Terry ties the unalienable right to pursue happiness with the right to hold property. The mechanism he sees uniting those two objectives is employee ownership, whether in small, entrepreneurial firms or large factory systems.

By doing this, today's managerial fads would become truly meaningful. Team building, transformational leadership, and worker empowerment would move from being mere jargon to meaningful experience. The outcome would not only resolve today's socioeconomic contradictions, but provide real impetus toward achieving the American Dream.

While Roger Terry's critique may be controversial, his conclusions are not completely revolutionary. Shared ownership is becoming the path to revitalization in many industries. Such a strategy is not only the higher ethical path for today's corporation, but the means to a successful and sustainable future for our country as well. This book offers a new vision of hope that promises a higher alternative—healthy competition integrated with the common good. ■



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