

Chapter 13

The Moral Leader

Doing well and doing good
are not mutually exclusive.

—Marc Benioff, CEO, Salesforce

As organizations have shifted from shareholder primacy to the stakeholder model, they are recognizing the complexities of meeting the needs of all their stakeholders, which often have conflicting objectives. Doing so sustainably requires thoughtful integration of stakeholders' needs in ways that fulfill the organization's long-term objectives.

This will require a new generation of moral leaders skilled in decision-making that integrates these needs in ways that are consistent with the leader's and the organization's True North—its moral compass—while following its North Star to fulfill its purpose.

Being a moral leader can feel challenging at first blush because the term feels aspirational or grandiose. When we think of moral leaders, many of us think of Mahatma Gandhi, Mother Teresa, and Martin Luther King, Jr., but what many leaders don't realize is the virtues and values demonstrated by moral leaders are already within their grasp. You can become a moral leader by discovering your True North, behaving authentically, and following your North Star to pursue your purpose. When you do so, you inspire people to follow your leadership, and you become a role model for others.

In the exercises that follow, we'll have you contemplate where you stand when it comes to moral leadership and the commitment of your efforts to create lasting value for all your stakeholders.

EXERCISE 13.1: THE QUEST FOR MORAL LEADERS

The purpose of this exercise is to assess your growth toward becoming a moral leader and to document the steps you can take to help you progress in your quest.

What does it mean to you to be a moral leader?

List the names of three leaders you know personally who are good examples of moral leaders. What qualities make them stand out in your eyes?

Of the qualities you just listed, which can you apply to your own leadership? In what ways?

What would you like your leadership legacy to be after your career is over? Are you tracking toward reaching that goal? If not, what can you do to get on track?

The Power of the Pause

Dov Seidman is a business leader, foremost thinker, and moral leadership advocate. He's also the architect of a notion called the "pause principle." Dov sums up the importance of pausing to reflect in this simple way, "When you press the pause button on a machine, it stops. But when you press the pause button on

human beings they start— start to reflect, rethink assumptions, and reimagine a better path.”

More specifically, why is pausing important for both leaders and their teams? For one, Dov says, managers who score high on encouraging their teams to pause are 11x more effective and more likely to achieve business goals. But beyond just taking a beat to ensure your next move is the right move, purposeful pauses are necessary if you want to look inward for self-reflection.

Just ask Chip Bergh of Levi Strauss. As CEO of the global clothing giant and denim icon, he believes whole-heartedly in the pause principle. In fact, in addition to keeping a daily journal, Chip says he pauses each day to ask himself the following questions:

- Did I make a difference in someone’s life today?
- Was I helpful to my team today?
- Am I thinking about where we’re going and looking around corners?
- Am I living my values?
- Am I leading by example and making a difference in how I lead?

EXERCISE 13.2: TAKE A MINUTE TO PAUSE

The purpose of this exercise is to consider how often you move forward with a decision before pausing to give it thought and to ponder how pausing can improve your leadership.

Have you instituted the pause principle in your day-to-day? How does it impact your leadership?

Ask yourself these five questions each day. What would your answers look like?

1. Did I make a difference in someone’s life today?

2. *Was I helpful to my team today?*

3. *Am I thinking about where we're going and looking around corners?*

4. *Am I living my values?*

5. *Am I leading by example and making a difference in how I lead?*

Creating Sustainable Value for All Stakeholders

Creating sustainable value starts with the alignment of all stakeholders around a shared mission and values in service to a corporation's customers and all those who have a stake in its success. An organization's purpose and values engage employees and provide the inspiration for them to innovate and to provide superior service to customers. This creates satisfied customers, which in turn increases revenue.

Growing revenues increases profits and provide opportunities for reinvestment in employees, innovation, and customer service. That spurs sustainable shareholder value, creating a virtuous cycle as all stakeholder interests are aligned (Figure 13.1).

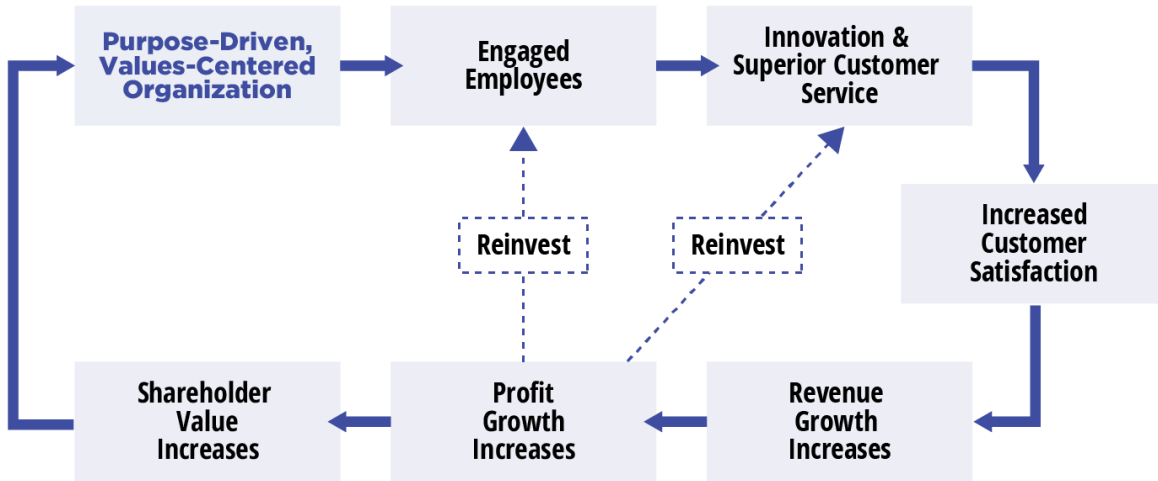


Figure 13.1 Sustaining Growth and Performance

The wants and needs of stakeholders will often differ, and sometimes even compete, which makes it challenging to make everyone happy. Still, leaders must follow their True North in integrating the best interests of all their stakeholders. As they implement the multi-stakeholder model, leaders like Levi’s Chip Bergh, Unilever’s Paul Polman, and Salesforce’s Marc Benioff are taking on the great issues of our time like gun safety, climate change, and community needs.

EXERCISE 13.3: STAKEHOLDER CAPITALISM

The purpose of this exercise is to evaluate how closely your leadership style is aligned with the concept of stakeholder capitalism and to measure the good you’re putting out into the world.

What are you doing to create sustainable value for each of your different stakeholders?

Employees:

Customers:

Suppliers:

Shareholders:

Community:

Societal issues:

What trade-offs do you have to make to serve the interests of all your stakeholders?

What is the greatest challenge you face in integrating the needs of your stakeholders?

When Should You Speak Up on Public Issues?

One of the questions most often asked by leaders is around knowing when it's appropriate to make their voices heard on public issues. Though the topic is complex, and there are no clear right answers, the best piece of advice we can give is to take on only those issues that have an impact on your organization's mission and values.

For example, following George Floyd's murder in Minneapolis by a local policeman, it was incumbent on Minnesota CEOs not only to speak out against the injustice but to recognize the larger issues surrounding criminal justice and their BIPOC employees and to develop plans to ameliorate them.

There are numerous examples of corporate leaders speaking on other issues essential to their organizations. They include Ken Frazier's statement about democracy and efforts to create jobs for more Black people; Paul Polman's commitment to sustainability; Chip Bergh's advocacy for gun safety; Marc Benioff's proposals for addressing homelessness in San Francisco. Other initiatives include Richard Davis's efforts to restore ethical banking; Glen Gunderson's work to build inclusive communities; and Brad Smith's work to create more effective and efficient healthcare systems.

You cannot change the whole world, but like those featured in this chapter have shown, you can have a powerful impact by picking an issue that calls to you and using your voice and position for the greater good.

EXERCISE 13.4: KNOWING WHEN TO SPEAK UP

The purpose of this exercise is to look back at times in your life when you felt compelled to speak up on an issue and to thoroughly explore the types of causes that are most meaningful to you.

Describe a time when you spoke up on an issue you really cared about. What was the impact? What were the consequences?

What are the causes that resonate the most with you? Have those changed over the years?

Is there a cause you'd like to speak up on but have not done so to date? If so, describe the cause, what you would like to say, and how you plan to say it.

Key Takeaways

- Moral leaders are those who follow their True North in order to make a difference in the lives of the people they serve.

- You can become a moral leader by discovering your True North, behaving authentically, and following your North Star to pursue your purpose.
- Pausing before acting can increase your focus, aid in self-reflection, and ensure your leadership is achieving your goals.
- Moral leaders aim to serve all their stakeholders—not only their shareholders.
- Creating sustainable value must start by aligning all your stakeholders around a shared mission and values in service to a corporation’s customers and all those who have a stake in its success.
- Making capitalism work for everyone is a vital task for today’s moral leaders.
- You should speak out on issues relating directly to your purpose and values and those of your organization and its stakeholders.
- You cannot change the whole world, but you can have a powerful impact by picking an issue that calls to you and using your voice and your position for the greater good.

Suggested Reading



BillGeorge.org

Stakeholder Capitalism Is Here To Stay

The COVID-19 pandemic has shifted the pendulum toward the multi-stakeholder model, as the importance of employees and customers are brought into sharp relief.

Benioff, M. *Trailblazer: The Power of Business as the Greatest Platform for Change*. Currency, 2019.

Dewar, C. *CEO Excellence: The Six Mindsets That Distinguish the Best Leaders from the Rest*. Scribner, 2022.

Gells, D. *The Man Who Broke Capitalism: How Jack Welch Guttled the Heartland and Crushed the Soul of Corporate America—and How to Undo His Legacy*. Simon & Schuster, 2022.

Mackey, J., and Sisodia, R. *Conscious Capitalism: Liberating the Heroic Spirit of Business*. Harvard Business School Publishing, 2014.

Polman, P. *Net Positive: How Courageous Companies Thrive by Giving More Than They Take*. Harvard Business Review Press, 2021.

Schwab, K. *The Fourth Industrial Revolution*. Penguin Group, 2017.

Seidman, D. *How: Why How We Do Anything Means Everything*. Wiley, 2011.

Wallis, J. *America's Original Sin: Racism, White Privilege, and the Bridge to a New America*. Brazos Press, 2017.