The courage of our convictions: An undervalued leadership trait

BY FRANK J. NAVRAN

In the spring of 2000, I was invited to address a conference of high-level business, non-profit and academic leaders who had convened to support the launch of a new, non-profit ethics center in St. Petersburg, Russia. Among the attendees was Vladimir Putin’s former university professor and faculty advisor.

The proposed center would initially be funded by a grant from a US-based corporate foundation and was being launched as a joint venture with a US-based ethics center and a small, non-profit, consulting company with an established presence in St. Petersburg. This new center’s mission was to encourage and facilitate ethical business conduct in the emerging “free-market” environment in Eastern Europe. It was a courageous decision and I was proud to be invited to be part of the process.

As the keynote speaker I was asked to set the tone for the conference. That was to include acknowledging the value of the endeavor and thanking those responsible for this new venture. I was also asked to help set the bar—to give the center a target and a definition for success, to make the case for raising the standards for ethical business conduct in an environment corrupted by ineffective government and the presence of a powerful and violent criminal element.

Before moving on to my prepared remarks, I offered the 60 or so invited guests the following prologue.
I would like to thank the conveners of this conference for affording me the opportunity to speak on a subject dear to my heart—“The Future of Business Ethics in Russia.” I have had the opportunity to speak on the subject of business ethics in a number of different venues all around the world. But this is different. This is special. After all, Russia is my ancestral home. To put my remarks in perspective, please allow me to presume and impose a little of my personal history on these proceedings.

In Moscow, sometime around 1913–14, a young college student and his 16-year-old girlfriend found themselves in a terrible situation. They were deeply in love and hoping to marry, when the young man overstepped the bounds of political correctness, speaking out, as college students are often wont to do, against what he perceived as imperial tyranny and injustice in the very early days of what would later become the Bolshevik Revolution. As a visible activist (some might say “revolutionary”) on campus, he was targeted by the Czar’s secret police and arrested. After what passed for a trial in that era, he was found guilty and exiled to Siberia.

His girlfriend, the daughter of a local merchant, was heartbroken. Being both strong-willed and not one to fear hardships, she opted to take the situation in hand and set it right. The story is that she begged, borrowed, or stole her mother’s jewels in order to implement her plan. She knew which prison her lover had been sent to and took that long, arduous, and dangerous trans-Siberian train ride to her destination. There, with her mother’s jewels in hand, she bribed the guards and facilitated her lover’s escape. Together, they made their way west, back through Moscow, where they said their goodbyes, then onward, via England to the United States, where they passed through Ellis Island to pursue a new life and the promise of freedom—a dream they shared until their deaths in the 1970s.

That young college student and his brave, 16-year-old girlfriend were my maternal grandparents. And here we are, in the first year of the new millennium, and I have...
been invited to this beautiful and historic city to present a keynote at the first-ever International Ethics and Anticorruption Conference, hosted in Russia.

Ironic, isn’t it? After all, if it weren’t for a little good, old-fashioned, Russian corruption, I never would’ve been born. But that was then and this is now.

**Survival at all cost**

I have related that same story on numerous occasions since. For me it is a testament to the power of the human spirit in the face of adversity. If we find someone or something we care for so deeply, we will draw on all of our courage and ingenuity to find a way, in the face of even the most daunting challenges, despite whatever barriers society and/or government might have placed in our way, to succeed. It can be understood as a variation on our need for self-preservation—the survival instinct. In my grandmother’s case “survival” was broadly defined as: “I can’t live without that man.” It is the same psychological imperative as drove early man, but in modern society we often confuse physical “needs” with social or psychological “wants.”

As I understand it, deep in our human psychology is a survival instinct: survival at all cost. And, since organizational psychology is an extension of human psychology, that drive extends to organizations as well. But, is facing “...even the most daunting challenges, despite whatever barriers society and/or government might have placed in our way” appropriate organizational behavior? Is doing whatever it takes to drive the stock price higher, best a competitor, or conquer a market adequate motivation for violating society’s standards of ethical business conduct? Is this what leaders do?

With that as context, we can perhaps better understand why there are so many organizations that are willing to take ethical shortcuts in their pursuit of survival/success, and why there are so many so-called “leaders” who are willing to sacrifice their own integrity in that pursuit.

If you believe in sacrificing one’s integrity in the pursuit of organizational goals, read no further, because I am going to argue the opposite position.

**AS I UNDERSTAND IT, DEEP IN OUR HUMAN PSYCHOLOGY IS A SURVIVAL INSTINCT: SURVIVAL AT ALL COST. AND, SINCE ORGANIZATIONAL PSYCHOLOGY IS AN EXTENSION OF HUMAN PSYCHOLOGY, THAT DRIVE EXTENDS TO ORGANIZATIONS AS WELL.**

In today’s economic climate, survival is a real issue for every organization. Confidence about our collective and individual futures has been replaced with uncertainty at best, dread at worst. If the giants of the past can fail, then so can we. What was the old saying? “As GM goes so goes the nation.” (In 1953, at the peak of its dominance, GM president Charles Wilson told Congress that what was good for the country was good for GM, and vice versa.)
Every organization is rethinking their inevitability and recognizing their uncertainties. Whether we are talking about a small entrepreneurial venture, a small department in a larger organization, or a corporate giant, the story is the same. Survival is a top priority. Everything else depends on that fundamental. Nothing else matters if this organization ceases to be. The same is true in regard to government. Society has demonstrated a strong appetite for cuts in government and even those believing they were promised lifetime employment are facing uncertainty.

Treating the symptoms
By all means, we have to get our economic house in order. But, just as a doctor wants to drive down a dangerous fever, we must recognize that we are treating a symptom. A fever is a sign that the body is battling to restore its health. Our current economic situation is a battle for our fiscal health. But we have to look at the big picture—what are the causes. Fighting symptoms is a necessary but insufficient (interim) step. Finding and addressing the cause(s) is where victory will be won.

I propose that among the causes behind much of what ails our economy, our industries, and our society can be captured in the simple notion of a disregard for “ethics”—values-based behavior (from the Greek word ethos, meaning customs). Wealth is not an “ethical value.” It is not a value at all. It may be a goal or an objective, but it is not a fundamental principle that defines right and wrong, good or bad, fair or unfair.

If we are to address the problems at hand, we need to understand causality. We need to find and treat causes, all the while attending to symptoms. I propose those causes can be better understood if we frame them in reference to our individual and shared values. Generally, we see ethical values to include promises or obligations such as:

- **Accountability**—to accept responsibility for the consequences of our actions
- **Compassion**—to treat others out of our sincere concern for their interests and needs

- **Courage**—to do what is right, good, and fair, even when doing so is difficult

- **Duty**—to act in ways that serve a common or greater good

- **Fairness**—to balance equity and equality in how we treat others

- **Honesty**—to tell the whole truth

- **Honor**—to fulfill all one’s duties and obligations

- **Integrity**—to adhere to our values and keep our promises

- **Respect**—to honor the inherent value of every person

- **Trust**—the residue of promises fulfilled

Values are the principles that define what is right, fair, and good. And, they are universal. Our common human values can be found in every society. Interestingly, while the values are universally shared, they can often be defined in different cultural contexts by different specific behaviors. It can be as simple as our body language. In some cultures averting one’s eyes while speaking to another can be seen as indicative of uneasiness or deviousness. In other cultures that same behavior may be a sign of humility or respect—the ethical thing to do.

To understand today’s challenges it can be helpful to use our values to define what we observe—both conformance with and violations of those common principles that define what is right, fair, and good. And, to identify what other principles might be in place that are contrary to these ethical principles.

Specifically, I suggest we consider greed, ambition, and self-interest—three variations on a theme. Although we all espouse the ethical values noted above, in “real life” the values that seem to be driving the individual and collective conscience of many organizations more closely resemble, greed, power, wealth, possessions, status, … all the trappings of our egos.

There are those who claim that, “extraordinary times call for extraordinary measures.” It
was certainly the argument my grandparents used in justifying why it was appropriate for little Anna to engage in theft and bribery. But while extraordinary measures might be justified, do they legitimize unethical measures? And, if so, what defines “extraordinary times”?

An expensive lesson
Ask some CEOs, and I suspect that the mere threat of a sharp drop in share value could be sufficient to justify “whatever it takes.” That is not idle speculation. Allow me to recount a sad story. I am blurring the details to maintain some degree of anonymity for those involved. The story involves a US-based power company that was building a nuclear-power plant. For the sake of this tale I am assuming the cost of a new nuclear power plant to have been in the $3 billion dollar range at the time of this incident, and the construction window, from project approval to turning the lights on, to be about 8–10 years. By any measure, that is a huge investment.

I was in the office of the Vice President-Nuclear of the power company, while its occupant was packing his personal belongings. He had just been fired. I asked him how it came to this. How did he find himself being fired? His story can be told as this:

It seems like every day I was getting calls from the boss regarding the progress of the plant. He had the project timeline and wanted to be certain that we met each and every target date. The pressure was palpable. “I don’t care what it takes. We have to meet the schedule. The Board is breathing down my neck. Even a tiny slip will have an adverse affect on the share price, and that affects my performance review and I promise you, it will be reflected in your as well. If you can’t get the job done, on time, I’ll find someone who can.

The message was loud, clear, and not subject to interpretation. *Keep to the schedule. The first slip-up will be your last.*

Naturally, the VP put pressure on those down the line. It seems that pressure flows downhill—one of those laws of organizational nature. No one was willing to be responsible for missing a milestone so everyone did whatever it took to check the appropriate box, on time, on schedule. Shortcuts, workarounds, deviations, and substitutions… whatever it took. We’ve got to meet the schedule or else.

The plant was completed on time. And, it failed the final certification inspection. The flaws were numerous and fatal. The cost of remedying all that was wrong would exceed the initial build cost and take longer than building a new plant. The hulk of that abandoned plant—a billion dollar plus loss—stands
as a monument to the drive to survive. No one in that organization had the courage to do the right thing. The Board lacked the courage to take a short-term hit from the investor community for missing a deadline. The executive team was afraid to fall short lest the Board replace them with someone who could do the impossible. The project manager was covering his posterior, and everyone down the line took their cues from above and did whatever was needed to be able to check the “completed” box on schedule. No courage. No accountability. No integrity, honesty, or fairness. It was an organization that sacrificed its integrity for a short-term check mark on a schedule, fearful that “they” would not understand and would fire the first person foolish enough to tell the truth—foolish enough to tell the emperor that he had no clothes.

Imagine that you have just been hired as the new VP-Nuclear at this company. What would you do? How would you go about changing the culture?

**Meet my latest hero**

It was October, 2008. The financial markets were melting. The presidential candidates were on the way back to Washington to vote on the TARP proposal. I was on a commuter train to New York City to attend the St. John’s ethics conference. I am not a usual commuter and did not know the rules of commuter train etiquette. In my ignorance, I struck up a conversation with the young lady sitting next to me. The usual banal questions: “Do you make this commute every day? How long does it take? What do you do?” Yes, she made this commute everyday and has been doing so for two years. She and her husband had decided it would be better for the children to live in the suburbs, and she typically used the commute for “quiet time”—a not so subtle hint that I was intruding. And she was the CFO of a midsize insurance company.

Never one to recognize subtle hints, I went on to ask her, “Given the times we’re in, how’s it going at your company?” “Better than most,” was her reply. “Sounds like there’s a story there,” I countered, and indeed there was. She had been on the job for less than a year. During her first week she met with each of her direct reports. One of the people reporting to her managed the company’s investment portfolio. She had asked all of her reports for a briefing, and he proceeded to explain their overall investment strategy. A cornerstone of that strategy was investments in what he referred to as “securitized debt.” She was unfamiliar with the concept and asked for an explanation. His reply was, in her words, “disconcerting.” He said, “We don’t really understand how it works, but it is Triple-A rated and were making a boatload of money.
And besides, everybody else is doing it.” Not completely satisfied with his response, she charged him to do a little research and come back in a couple of days with a more detailed explanation of how securitized debt really works. Two days later he was back, but his answer essentially the same.

Her position, she explained, was that she was not willing to have anything in their investment portfolio that she could not thoroughly explain and defend their board. If he couldn’t come up with something better than “everybody else is doing it,” then she had no choice but direct him to divest their portfolio of whatever he couldn’t explain and reinvest those monies in things that were more conventional. As a result of her position, when the financial world around her had begun to collapse, their investments were on much more solid ground than those of her colleagues and competitors. So, given the state of the economy, the financial circumstances in her company were “better than most.”

Since that train ride, I’ve probably told the story 100 times and preaced each telling with a reference to this young CFO as “my latest hero.” After all, what is a hero? My dictionary characterizes a hero as a person who is admired and/or idealized for his/her courage, outstanding achievements, or noble qualities. My seatmate on the train exhibited all of those attributes. In my mind, the insight gained from the story is not that a young CFO could demonstrate heroic courage in the financial industry, but rather that such courage is so rare in the C-Suite as to be noteworthy.

Her sense of survival was tied to the long-term success of her institution, not short-term personal gain. She had her priorities right. There is no right way to do the wrong thing. There are any number of wrong ways to do almost anything. And there is a right way, if we are willing to look for it and bold enough to choose it.

Discerning right from wrong
Corruption can be as small and subtle as failing to ask the right question or failing to ask for more when you get an insufficient answer. There may be times when extraordinary circumstances can justify doing what you know is wrong. I often argue that some “wrongs” may be necessary—as was the case with my dear, sweet grandmother. Bribing a guard is wrong—but, in context, it was the lesser evil. When compared to the wrongs committed by the state against the man who would be my grandfather, the bribes paid to buy his freedom may be deemed justifiable.

It comes down to a simple proposition in my view. None of us is perfect and none of us
lives in a perfect world or works for a perfect organization. We cannot use the universality of imperfection as a justification for doing what we know is wrong or tolerating when others do so. There are circumstances where the “wrong” is so grievous that violating an organizational standard, such as confidentiality of company information, might

legitimately be subordinated to ignoring the violation of an ethical standard. Sometimes blowing the whistle (reporting a known violation to the ethics office, or if that is not effective, to the authorities) can be the right thing to do.

It takes inordinate courage to do the right thing in some instances. It may even require doing what others would deem the wrong thing, such as going public with “confidential” information when that information reveals significant misconduct or illegal activities. Sometimes we have overriding obligations to society that simply compel us to do what may not be in the short-term best interest of our group, unit, division, or company.

There are times when our conscience tells us that there is a greater good to be served. There are times when doing what others may deem “wrong” is really right. The wrong is that those others might lose something that they value, but are not entitled to. It may be that they are defending an indefensible and unsustainable position and that you, doing what is right, are perceived as a threat. It may be that the “authorities” within your organization are as wrong as the authorities were when my grandma traveled to Siberia and freed the man she loved. It may be that sometimes two “wrongs” do make a “right”—especially if one of the “wrongs” is only deemed to be wrong because it violates the special interest of those empowered to make the rules or set the standards.

Sometimes, bribing a guard to save the life of the one you love, whose only “crime” was offending the powers that be, is a beautiful wrong. Survival is a strong motive. Sometimes it is the survival of our sense of fairness, or goodness—not our physical survival—that is in play. And sometimes it is as simple as saying “no” when others suggest, encourage, or direct you to do what you believe is wrong. The courage of our convictions is a powerful tool in creating and sustaining an ethical working environment and ensuring ethical action the workplace. The courage to do the right thing could have saved a multi-billion dollar nuclear power plant. The courage to do what some might deem the wrong thing (bribing the guards in a Russian prison) in fact, saved my grandfather—and indirectly produced me.

We all have our ideals. We all face circumstances where our ideals are challenged and where we must make difficult choices. Those are the times when we are tested, where the depth
of our commitment to what we profess is tested. Do we truly believe in what we say is right, fair, good, and just, or are those merely words on a poster hanging on a wall in the office?

We may not have to get on a train to Siberia and bribe the guards in a prison to enable us to live according to our values. We may not have to demonstrate the courage and commitment of little, 16-year-old Anna, who risked everything because of love. We may not even have to demand competence and accountability from those whom we lead. But we all have to rise to the occasion and stand up for what we believe in, nearly every day at work. We have to recognize and face up to the challenges we face when our values are questioned, our standards threatened, or our principles compromised. We need to have at least that much courage.

In a recent series of articles, I explored what I referred to as the seven most commonly adopted values. Courage was included in that list. While I believe I was accurate when I included it among the most frequently adopted, it seems to me that it is not always as prominent in the thinking of those who shape the culture of today’s organizations as one might hope. My favorite CFO (the woman who refused to do something just because everyone else did it) displayed remarkable courage. The fact that it is remarkable—worthy of remark—is sad. Would that it were so commonplace that her actions were unremarkable.

**Postscript**
Finally, there is a postscript to this story. The St. Petersburg ethics center that we established lasted only about two years. It had very little impact. The criminal elements in the area employed sufficient violence to overpower the wishes of those in the business community who wanted to do the right thing. Fear can be a powerful motivator. The center was allowed to quietly fade from existence. It was a sad and painful loss. We will never know what could have been. Perhaps, someday, we will have the courage to try again.

Frank Navran (frank@navran.com) is the Founder and Principal Consultant of Navran Associates in Palm Coast, FL.