

The war for character

By Les T. Csorba

Outside View Commentator

Houston, TX, Jan. 6 (UPI) -- It was eerily prescient when James Davison Hunter published his provocative "The Death of Character" in 2000. Soon after the book hit the stores, Enron, Tyco, Martha Stewart, Bernie Ebbers, and scandals in the mutual fund, financial services and insurance and accounting industries hit the front pages.

The result was an appalling 23 percent trust level in chief executive officers, placing our corporate stewards just above used car salesmen and health maintenance organizations on the trust scale. In response to the crisis, Andy Grove, chairman of Intel, said, "I find myself embarrassed and ashamed to be a businessman."

For Hunter, and so many before him, including Michael Novak ("The Spirit of Democratic Capitalism") and even before him, Adam Smith ("Wealth of Nations"), business has always necessarily been a moral exercise. While results, such as earnings and revenue growth are essential objectives of any enterprise, how one achieves results have always been more consequential.

In that spirit, corporate boards and human resource managers are beginning to inspect the depth of the moral fiber of its leaders with greater purpose. In 2004, as the U.S. economy built momentum and corporations hired new leadership to meet the expansion, a war of a different kind was unleashed. In the thriving nineties, it was the "War for Talent." But after Enron and an era of corporate greed, it has become a war for character.

So, in 2004, when my partners and I met with the chief human resources executive of Citgo Petroleum, a \$25 billion energy giant, to compete to fill a chief financial officer vacancy, we were staggered that the conversation didn't deal with our infinite knowledge of the skills necessary for the modern CFO. While

left holding our bruised egos, our prospective client instead asked, "I know you and your competitors are well qualified in evaluating the competencies of a CFO, but I want you to tell me one thing. How do you evaluate character?"

Such a question was rarely posed five years ago in the "War for Talent" -- it was all about recruiting that dynamic and charismatic executive who could repeatedly deliver quarterly results, sometimes at any cost. But today, many corporations like Citgo Petroleum and Starwood Hotels are asking open-ended questions about a candidate's integrity and values. Corporate leaders now know that any enterprise can only be the "best and brightest" by also being the most moral and modest as well.

In addition to more meticulous reference checking and more exhaustive background checks, there are at least six questions on the character checklist that reveal moral character:

1) How do they manage privilege? A few months after the Enron bankruptcy, I had an occasion to walk the 50th floor offices of Ken Lay, Jeff Skilling and others, and was greeted with the millions of dollars worth of artwork that adorned the walls. A beautiful sight, perhaps -- for a museum. After the Enron era of unprecedented abuse of perks, and unspeakable excess, the privilege query must be posed. How a leader manages or perceives privilege reveals much about the character of the custodian of the trust.

2) How do they manage ambition? Any thriving executive must have some ambition, but the question is for whom? Is such ambition solely reserved for oneself, or channeled toward the enterprise for which he or she has been asked to serve or shepherd? One of the success stories in the energy industry has been the corporate stewardship of Archie Dunham, the recently retired chairman of ConocoPhillips. This self-effacing, but steely leader (who preferred to be called "Archie") was fiercely competitive. Yet, this healthy ambition was summoned towards his enterprise so that his employees would have the legacy of working for a world class energy company known as a "Major." Character is revealed in a leader whose ambition is reserved for those whom he has been given a trust and leaves behind long after he retires.

3) Have they mastered mistakes? Let's assume, for a moment, that all executives have become acquainted with their fair share of mistakes. What, then, have they exactly learned? Are they self-introspective? The more transparent they are (with specificity) about life and work lessons, the more it discloses about their moral fiber. In pressing Sherron Watkins about her moral indignation in protesting (then exposing) the accounting shenanigans at Enron, she pointed to some early life lessons. As a child, she recalled taking a

bite of an unpaid ice cream sandwich in a store, getting caught, and being reprimanded for it. From an early age, she was "scared straight" into moral behavior. Recalling such lessons begins to provide recruiters a glimpse of predicative behavior and character.

4) Who are their models of character? Recognizing that wisdom comes in the multitude of counselors, selfless business leaders have always surrounded themselves with mentors, trusted advisors, or a consigliere, if you will. The resonating corporate leaders of our day, like Steven Reinemund, chief executive officer of PepsiCo, and Drayton McLane, CEO of the Houston Astros, have told me that intentionally positioning counselors around them is as important as managing a balance sheet. Those who submit themselves to the criticism and counsel of others are worthy of considerable trust.

5) Are they committed to mentoring others? The mark of resonating leadership is not just what leaders have accomplished, but the legacy they leave behind, and the reproduction of their leadership in others. When asked by a reporter if Jack Welch was one of those Level 5 leaders that "Good to Great" author Jim Collins made so famous, Collins said Welch's report card hasn't come in until his successor, Jeff Immelt at GE, exceeds him. From most accounts, Immelt is performing very well and may even surpass his predecessor's accomplishments. This will be Welch's ultimate legacy, not just the \$300 billion in value he created while serving at GE's CEO.

6) Are they mission-minded? Professor Howard Hendricks once said about leadership, "there is no smaller package than a man who is wrapped up in himself." All too often corporate leaders are more engrossed in the applause of leadership, than in its sacrifice and responsibility; so engrossed in corporate results, that they ignore or perhaps give lip service to their corporate citizenship. In evaluating the character quotient of a corporate leader, one must consider whether they have been covered up with something other than their own pursuits. What non-corporate missions are they involved in? Do these executives live out genuine selfless character or banal self-absorption?

To determine the character of a man, Lord Chesterfield once wrote that you must look into a person as well as at him. As such, corporate recruiters must not only scan a leader's external strengths and professional accomplishments, but plumb his internal moral compass. Evaluating executive character is not a question of what they say or even do. It is a question of who they are, how they live, serve, and treat others.

In this "War for Character," the corporations who are able to increase the character quotient of their leaders, can one day say with confidence that Prof. Hunter's rumor of the death of character (in their enterprise at least) has been greatly exaggerated.

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