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Acton Institute
Grand Rapids MI
June 17, 2010

“The Awesome Responsibility of Leadership”

C. William Pollard

Etched in stone on the floor of the chapel of Christ Church College at Oxford University are the words of John Locke spoken over 300 years ago.

“I know there is truth opposite falsehood and that it may be found if people will search for it, is worth the seeking”.

During the last 24 months we have experienced a collapse in our financial markets, a domestic and global economic meltdown, foreclosures and unemployment at record levels, sovereign states manipulating their financial reports and defaulting on their debt obligations, and an unprecedented involvement of our government in an attempt to correct some of the wrongs that have occurred and to restore a base of stability for future economic growth.

What caused this collapse? Was it the self interest of profit seekers compounded by forces of unrestrained greed? Does it reflect a lack of a moral compass and duty of care in the underwriting, packaging, and selling of innovative securities? Have governments contributed to the problem by not

exercising enough controls or by encouraging borrowing for home ownership beyond reasonable economic limits? Or as in Europe, by failing to recognize that even for sovereign states there is an ultimate limit to the amount you can borrow to cover deficits. No doubt it has been the result of some combination of these factors and maybe others.

President Obama, in reviewing what has occurred, suggested that “we have arrived at this point as a result of an era of profound irresponsibility that engulfed both private business firms and public institutions, including some of our largest corporations and the seats of power in Washington D.C.”

So, have we lost our desire to seek and know truth and to determine what is “right” for the common good? Will more legislation and regulation solve the problem? While they may bring a higher standard of accountability and provide a “stick” of more penalties for violations, they cannot assure the honesty, character, or integrity of the people involved. They will not in and of themselves generate a Culture of Truthfulness that is necessary to foster and cultivate the trust needed for an orderly market.

As we conduct business in a pluralistic society, can we agree on a source of moral authority? Can a business firm make money, create wealth and also

become a moral community for the development of human character and social concern? Can responsible leadership make a difference? And if so, what does responsible leadership look like?

I believe that as we try to answer these questions, we should first recognize the reality that it is people who make markets work, people who can be right or wrong, good or evil, truthful or deceitful, prudent or selfish. People who, in Peter Drucker's words, are imperfect, weak, sinners, and yet made in God's image and responsible for their actions.

Drucker would go on to say that responsible leadership first starts with understanding what leadership is all about.

It is not about "leadership qualities" or "charisma." It's not about title or position. It is not, he would say, in and of itself good or desirable. Leadership is just a means – to what end is the crucial question – and then Drucker would remind us that the end involves: the people who follow, the direction they are headed, their growth and development not only in what they are doing and but also in the **person** they are becoming, and the importance of achieving a productive and meaningful result from their combined effort.

To accomplish that end objective, Drucker would emphasize that a leader must recognize that management is not just the science of organizational structures, processes, and procedures, but is also a liberal art. He would suggest that as we lead and manage people, we need to understand the make-up of the human condition and recognize that our humanity cannot be defined solely by its physical or rational nature, but it also has a spiritual dimension.

It is this spiritual side of our humanity that influences our character, our ability to determine right and wrong, to recognize good and evil, and to make moral judgments. It is the driver for developing a philosophy of life and a world view that can provide a moral and ethical standard that is not relative and seeks truth even when there are no prescribed rules.

On questions of faith and the nature of our humanity, Drucker was profoundly influenced by the writings of Kierkegaard. For Drucker, faith brought meaning and purpose to life. In his essay entitled "The Unfashionable Kierkegaard", he quoted Kierkegaard as saying:

"Human existence is possible as existence not in despair, as existence not in tragedy, but is possible as existence in faith. Faith is the belief that in God the impossible is possible, that in Him, time and eternity are one, that both life and

death are meaningful. Faith is the knowledge that man is a creature – not autonomous, not the master, not the end, not the center – and yet responsible and free.”

Thus, the learning and understanding of what it means to responsibly lead and manage people should not be divorced from questions of faith or the question of God. For some in the secular academy or in our secular society, this conclusion may be difficult to accept, but others are ready to recognize its validity.

In his book, *The Fourth Great Awakening*, Robert Fogel, an economist from the University of Chicago and a Nobel Prize winner, traced the history of religious faith in America and its effect on our society and economy. In so doing, Fogel concluded that a major issue in our culture today was simply a lack of a distribution of what he referred to as “spiritual assets”. There was, he said, a void in our society in the development of the character of people and a provision for their spiritual needs.

He also went on to say that in order for the business firm of the future to resolve the growing complexities of ethical issues, it will have to acquire more

“spiritual capital”. He wrote this, by the way, several years before the current economic collapse.

For us at ServiceMaster, we decided to be overt about the issue as we raised the question of God in our mission statement.

Our corporate objectives were simply stated: To honor God in all we do; To help people develop; To pursue excellence; and To grow profitably. Those first two objectives were end goals; the second two were means goals.

We did not use that first objective as a basis for exclusion. It was, in fact, the reason for our promotion of diversity as we recognized that different people with different beliefs were all part of God’s world.

As a business firm, we wanted to excel at generating profits and creating value for our shareholders. If we didn’t want to play by these rules, we didn’t belong in the ballgame. But also, we tried to encourage an environment where the work place could be an open community where the question of a person’s moral and spiritual development and the existence of God and how one related the claims of his or her faith with their work, were issues of discussion, debate,

and yes, even learning and understanding. We considered the people of our firm as, in fact, the soul of the firm.

It did not mean that everything was done right. We experienced our share of mistakes. We sometimes failed and did things wrong. But because of a stated standard and a reason for that standard, we could not hide our mistakes. Mistakes were regularly flushed out in the open for correction and, in some cases, for forgiveness, and leaders could not protect themselves at the expense of those they were leading.

The process of seeking understanding and application of these objectives at all levels of the organization was a never-ending task. It involved matters of the heart as well as the head and it was not susceptible to standard management techniques of implementation or measurement. While at times it was discouraging, it also was energizing as one realized the continuing potential for creativity, innovation, and growth as there was a focus on the development of the whole person.

A responsible leader must go beyond getting the right things done through others. He or she also must be concerned about what is happening to the person in the process. Those people who are getting jobs done, who are

accomplishing the mission of the organization, are also human. They have cares and concerns, emotions and feelings, beliefs and convictions. They can love or they can hate. They can focus on satisfying self or serving others. As the soul of the firm, they can contribute or detract, motivate or discourage. In their work, they are in the process of becoming as well as doing. The question is whether the work environment contributes to a positive or negative result. People need to be treated as the subject, not just the object of work. Let me share with you a story to illustrate this point.

Several years ago, I was traveling in Russia. I had been asked to give several talks on the service business and our company objectives. While I was in the city now renamed St. Petersburg, I met Olga. She had the job of mopping the lobby floor in a large hotel, which at that time was occupied mostly by people from the West.

I took an interest in her and her task. I engaged her in conversation through the help of an interpreter and noted the tools she had to do her work. Olga had been given a T-frame for a mop, and a bucket of dirty water to do her job. She really wasn't cleaning the floor. She was just moving dirt from one section to another.

The reality of Olga's task was to do the least amount of motions in the greatest amount of time until the day was over. Olga was not proud of what she was doing. She had no dignity in her work. She was a long way from owning the result.

I knew from our brief conversation that there was a great unlocked potential in Olga. I am sure you could have eaten off the floor in her two-room apartment – but work was something different. No one had taken the time to teach or equip Olga. No one had taken the time to care about her as a person. She was lost in a system that did not care. Work was just a job that had to be done. She was the object of work, not the subject.

I contrast the time spent with Olga with an experience I had just a few days later while visiting a hospital we served in London, England. As I was introduced to one of the housekeepers, Nisha, as the chairman of ServiceMaster, she put her arms around me, gave me a big hug, and thanked me for the training and tools she had received to do her job.

She then showed me all that she had accomplished in cleaning patients' rooms, providing a detailed before –and–after ServiceMaster description. She was proud of her work. She expressed a sincere interest in how the patient

would benefit from her work as a housekeeper and an interest in her fellow workers. Someone had cared enough to show her the way and recognize her when a task was well done. She was looking forward to the next accomplishment, and she was thankful. She had become an owner of the results of her work.

What was the difference between these two people? Yes, one was born in Moscow and the other in New Delhi, and their race, language and nationalities were different; but their basic tasks were the same. They both had to work for a living. They both had modest and limited financial resources. One was very proud of what she was doing. Her work had affected her view of herself and others. The other was not proud of what she was doing, and she had a limited view of her potential and worth.

The difference had a lot to do with how they were treated and cared for in the work environment.

Yes, regardless of the task, people can find a sense of purpose and meaning in their work. They can develop a strong ethic that extends to the care for others; a sense of community and a willingness to give back and practice charity.

These are values of character development. Responsible leadership is all about crafting a culture of character.

But for this to occur, responsible leadership:

- must reflect truthfulness and transparency
- be willing to lead and serve by example.
- know what they believe and why they believe it;
- know where they are headed and why it is important for people to follow;
- seek to understand who people are and why they work and not just what they do and how they do it;
- be willing to assume responsibility for the development of the whole person;

- be willing to be an example in their private and public life of the reality of their faith and belief;
- accept responsibility for productive and meaningful results by the combined efforts of the people being led.

The workplace is not just a place where we get things done; yes, it also is a place that can be a moral community for the development of human character. A community that reflects a responsibility for the people within the community and a duty of care for people served by the community. A community where it is okay to raise the question of God.

As I have now retired from my leadership responsibilities at ServiceMaster and look back, I can add up the numbers that show growth in profits, customers served, and a return for our shareholders that on average was 20% per year. While these figures are part of a normal business assessment of performance, the conclusion for me cannot be limited to these money or value-creation measurements. The real and lasting measurement is whether the results of my leadership can be seen in the changed and improved lives of people I have led.

One of the best ways that I found to share and lead in the development of our firm as a moral community was to seek to serve as I led and to reflect the principle that Jesus taught His disciples as He washed their feet – namely that no leader was greater or had a self-interest more important than those being led. In seeking to so serve, the truth of what I said could be measured by what I did.

Servant leadership has been a learning experience for me. It has not come naturally. The first thing I had to understand was what it meant to walk in the shoes of those I would lead. This was a lesson that I would learn as I first joined the ServiceMaster senior management team and spent the first two months of my ServiceMaster career out cleaning floors and doing the maintenance and other work which was part of our service business. In so doing, I was beginning to understand what would be my dependence upon and responsibility to the people I would lead.

Later on in my career, as I became CEO of the firm, the faces of our service workers would flash across my mind as I was faced with those inevitable judgment calls between the rights and the wrongs of running a business. The integrity of my actions had to pass their scrutiny. When all the numbers and figures were added up and reported as the results of the firm, they had to do more than just follow the rules or satisfy the changing standards of the

accounting profession. They also had to accurately reflect the reality of our combined performance – a result that was real – a result that our customers could depend upon. A result that would reflect the true value of the firm. Otherwise I was deceiving myself and those that I was committed to serve.

Unfortunately, there are often many trappings around a position of leadership – the perks or prestige of the office and the arrogance of success can tempt leaders to focus on self and think they have all the answers rather than focusing on their responsibility to others. It is the evil of hubris. It is often subtle and can have a cumulative effect on judgment unless it is nipped in the bud.

Let me share an example about learning a lesson from Peter Drucker that occurred later on in my leadership responsibilities at ServiceMaster and reflects the continuing need to be aware of the subtle effect of hubris.

One of the benefits of my friendship with Peter was that he never hesitated to point out those areas where I could improve my leadership. One of those important moments of learning occurred when we were traveling together to conduct a management seminar in Tokyo for Japanese business leaders.

After the seminar, Peter and I had dinner together. I shared with him my disappointment, and yes, even anger, over the fact that no one from the leadership team of our Japanese business partner had come to the seminar. They had been invited and had promised to attend. Since some of our current and prospective customers were in attendance, it would have provided an opportunity for them to learn and also to make important business connections.

I explained to Peter that we had recently decided to delay bringing one of our new service lines to Japan and that the leadership of our partner was no doubt upset with that decision. I explained that this was probably the reason they did not come.

I told Peter that I intended to cancel my trip to their headquarters in Osaka and take an earlier flight back to the States. Peter encouraged me to rethink my position and gave some advice, including his thoughts and understanding of Japanese culture. Although I listened to him, I made up my mind that I was not going to accept his advice and I would reschedule my flight the next morning.

When dinner was over, we returned to our respective hotel rooms. At about 10:30 that evening, I received a call from Peter asking me if I would come

to his room. He was still concerned about my reactions and wanted a further discussion with me.

As Peter opened the door to his hotel room, I could tell by the look on his face that he was troubled. He told me to sit on the chair near his bed. He then sat down on the edge of his bed and looked me straight in the eye. "Bill," he said, "you are suffering from hubris. It's time for you to eat some humble pie."

He went on to explain how quickly leaders can lose touch with the reality of their responsibility when they think their pride is at risk. He pointed out that my job as leader was to go to Osaka, meet with our business partners, resolve our differences, and rebuild a relationship of trust. This result was needed for the continued growth of our business in Japan and for the opportunities it would provide the people in our business. It was my job to do this as a leader, and it was something that I could not delegate.

It was great advice. The next morning I was on the train to Osaka, and my meeting there accomplished the right result for our business and for our people. I did have to eat some humble pie. The leadership lesson was clear. My leadership responsibility was not about me or my feelings. It was about what should be done for our business and our people.

(Story of President Komai funeral)

As we invest ourselves in the lives of others, people will respond. They will grow and develop.

As part of expanding our business to China, I was asked to give a lecture to a group of business leaders and members of government in the Great Hall of the People, using the ServiceMaster model as my subject. Overall, there was a positive response and as a result we found a good partner for our business in China.

Several weeks after the event, I received a note from one of our Chinese employees who had been traveling with me as an interpreter. Here is what Shu Zhang said, "When I grew up in China, religions were forbidden and Mao's book became our Bible. When I was five or six years old I could recite Mao quotations and even use them to judge and lecture the kids in the neighborhood.

Mao said, "Serve the people. Leaders should be public servants." This coincides with some of ServiceMaster's moral standards. When I think deeply, I see the difference that makes one work so successfully and the other collapse

fatally. It must be the starting point of ServiceMaster to honor God, and that every individual has been created in His image with dignity and worth.

ServiceMaster is designed to be a big, tall tree with strong roots which penetrates extensively to almost every corner of a person's daily life. It is still growing in mine. And I am still learning".

Shu is a thinking person. She felt accepted and respected in her work environment. She was confronted with life choices that went beyond doing a job and earning a living; choices about who she was becoming and how she could relate to God. She was growing and developing an understanding of herself and the purpose and meaning for her life.

But investments in people also can be risky. Mistakes are often painful. Implicit in leadership is the power to make decisions that affect others. You can be right in your intent and decision, but wrong in how you use power to implement that decision. The mistakes I have made as a leader, that hurt the most, are those that have resulted in breached relationships with others. In seeking to achieve specific performance goals, I have at times pressed too hard for results without understanding the subjective factors of fear, insecurity, or risk of failure that were influencing substandard performance of the individuals

involved. The pain of honestly facing your mistakes and seeking forgiveness is part of the learning process of investing in others, and yes, sometimes recouping your investment for a greater return. It is part of learning that awesome responsibility of leadership.

The growth and development of people was our life blood at ServiceMaster. As I retired from the leadership of the firm, we were involved in managing or employing over 200,000 people delivering one or more of our services to over 12 million customers in the U.S. and 45 countries.

But the growth of our business and the growing investment in people would not have been possible without the profit of a growing positive bottom line. This profit provided the source of our financial capital for future growth, and a return to our shareholders. It was for us a measure of the effectiveness of our combined efforts – a virtue of accountability.

Noel Tichy, a professor at the University of Michigan Business School describes ServiceMaster in his book *The Leadership Engine*, as follows:

“For many people who don’t know the folks at ServiceMaster, the stated value to honor God in all we do is troubling. Before we went to visit with

them, one of my colleagues suggested that their religious orientation might make them unsuitable as models for more 'normal' organizations. But the truth is that...when you get to know the people who work at ServiceMaster, you quickly see that there are no traces of the ethereal, [other-worldliness] about them. They are serious business people firmly focused on winning. Profit [to them] is a means in God's world to be used and invested, not an end to be worshipped."

The distinction he makes is important. Profit – a positive bottom line – when revenue exceeds expenses – is an essential means for doing business. This essential function of profit, however, is not limited to business. Without charitable contributions (the source of which is somebody first earning a profit) and other sources of revenue consistently exceeding expenses, the non-profit will not have the needed capital to do its mission and will soon realize that it is in the process of going financially bankrupt.

The same is true for every family unit in our society. If expenses continue to exceed income, a day of reckoning is just around the corner. I would suggest that this principal also applies to government, as reflected in the current debt crisis in Europe.

But wait a minute, Bill, you just spent 40 minutes talking about responsible leadership – wasn't the profit motive, fed by human greed, part of what drove irresponsible action by people on Wall Street and elsewhere that was a cause of our current economic situation? How can you suggest that economic profit could be a virtue?

I agree that the making of money can become consuming, an addiction where enough is never enough. The Bible tells us that the love of money is the root of all evil.

Jesus asked His followers "What will it profit a man if he gain the whole world, but lose his own soul?" He instructed his disciples not to lay up their treasures here on earth but in Heaven. "For where your treasure is there will your heart be also". He went on to say that "no one can serve two masters. For you cannot serve God and money".

These words of Jesus remind us that profit or the making of money as an end goal of life and measured only in dollars and cents can result in the poverty of the soul. You can't take it with you. At the end of life, how much money, or as Tolstoy put it, how much "land" does a man need? Just enough for a six-foot grave.

So yes, we can worship money as an end result, do harm and find that our life has become an empty vessel.

But I also believe that God expects a return or a profit on the investments He has made in this world and in those He created.

Psalms 24 reminds us that God owns everything in this world; our life, our skills, our talents, our financial and other resources. We hold these "assets" in trust to be invested for His purposes. We are stewards and it is required that we be found faithful.

The Parable of the Talents reminds us that God doesn't want us to return what He has given us. He wants more, a return or a profit, not measured in a tithe of what is already His or limited only to a value in monetary terms, but also to include the potential of an ever greater return with the multiplication of our lives in the changed lives of others - a return that has an eternal value. All of which is what I refer to as God's economy of surplus. For me, as a Christian, it is this return that is required of me as I seek to be a faithful steward of what God has entrusted to me.

It was C. S. Lewis who said, "There are no ordinary people, you've never talked to a mere mortal, nations, cultures, arts, civilizations, they are mortal and their life is to ours as the life of a gnat. But it is immortals we joke with, work with, marry, snub and exploit."

Every person we work with has been created in the image and likeness of God with their own fingerprint of potential. The investment is there for us to make. It is the awesome responsibility of a leader. It is the obligation we assume as a leader of others or what Max DePree has referred to as our posture of indebtedness to those we lead.

I will close with this final story from my ServiceMaster experience to illustrate this obligation we assume as we lead others.

Revised 6/25/10