

Awesome Article.

Enjoying -
Michael

**WITHIN AND BEYOND OURSELVES:
THE ROLE OF CONSCIENCE IN MODERN BUSINESS**

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Convocation for the Marriott School of Management


Brigham Young University

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Good Morning. It's great to be with you today. You are truly an awesome sight. The last time I spoke at a graduation was at my high school ceremony some 33 years ago. Then as now I find it a very humbling task. Over the past couple of days our firm held our annual meetings with our investors. During this time I had hanging in my office the graduation gown which I am wearing today. A couple of my partners saw this and asked me if I was planning on changing the attire for our investor meeting. I told them no, but that I had the gown because I was going to be speaking with you today at this convocation. One of them then asked me, "What are you going to be speaking about?" I told him, "The role of conscience in business." He then said, "Well, that will be a short talk" and herein lies the issue.

Many years ago just as I was finishing my doctoral program at Harvard University, my thesis advisor, a member of the finance faculty and an overseer of the Harvard endowment fund, called me into his office. He paced around the room a little and then said, "Bob, I don't know you real well, but well enough. I want you to stay here and teach." Then he paused and continued, "It's not because I think you're some great scholar who is going to make some breakthrough contribution but because I know you can teach people here about God. I want you to tell our students about God. That's what I do in my office hours every day--they need and want to hear it." Up to this time, I had never spoken one word with my Professor about religion. Yet, there I sat in this bastion of capitalism and rational Socratic methodology, the Harvard Business School being told that the most important thing we needed to get in to the lives of these would be capitalists and future leaders of industry was the spirit of God. I think then, as well as, now I understand why and this understanding is what I would like to share with you today.

When I was your age the last thing in the world that I wanted to do was to become a businessman. I served an LDS mission in Spain and when I came home I just wanted to help people. My time and experiences at BYU and UofU only reinforced those feelings. My desire was to be a seminary teacher, a social worker or a psychiatrist--anything but a businessperson. So I went to my dad to discuss the issue. He said, "I think a Harvard MBA would be great for you." Stunned I accused him of believing that the only thing in the world that mattered was money. He pragmatically answered me, "Son, all the love in the world and a few hundred thousand dollars is going to build the next chapel." The stark reality of that answer made me have an even greater dislike for everything to do with money or the corporate world. You see I grew up in a brutal business world environment. My father worked as the Chief Executive for one of the richest men in the world, Howard Hughes, and that world turned many lives upside down. I witnessed first-hand greed, deception, power struggles and destruction of souls all for the sake of money. But perhaps what influenced me most is what I had seen in Mr. Hughes himself. For



many years on Christmas Eve or Easter Sunday in our house Mr. Hughes would call and ask dad to come to work. But this annual ritual was not what it appeared for when dad would arrive at Mr. Hughes' home, Mr. Hughes would simply say, "Bill, I just wanted to talk." Then after a couple of hours of friendly conversation he would say, "It's Christmas. You better get back to your family." And I remember thinking to myself: "With all the money, with all the power, all the accomplishments, and even all the good he has done-- he is both lonely and alone."

It was also during one of these reflective times that I learned another invaluable lesson about the role of the spirit in such worldly matters as business and commerce. A lesson that would change me forever. My dad knew he wasn't ever going to win the battle with me about the MBA. In the end he simply said, "I hope you'll pray about this." That challenge I welcomed because I was sure that God would not have me become a businessman. Nothing that crass would do. So I prayed about it and though I did not receive some thundering revelation, my heart softened to the point where I decided it would not compromise my principles to go visit Harvard. To appease my dad to some extent, I found a very special doctoral program that jointly bridged the economic programs of Harvard College and the Business School. I still refused to accept the idea of an MBA but felt it would be okay to do an interview for a PhD in a program where I could get a doctorate in economic development and center a career on the amelioration of world poverty. I soon made arrangements at the school for an interview. There I had a most unusual experience. I had an early meeting and lunch with Harvard's most distinguished financial economist and my potential program advisor, John Lintner. He asked me many questions. Then, on the way back to his office, he paused and said he felt impressed to extend me an acceptance into the program. He said he would personally take my application through admissions for formal processing and that I would receive official notice in a few months time--but he assured me that would just be a formality--I was in. And as clear as I am talking to you today, I heard a voice deep inside me say, "You are to be a doctor of business not a doctor of medicine, you are to be here." I dropped all my other plans and applications. I could scarcely believe what I was doing. Yet I was very confident it was the right thing for me.

With the advantage of twenty-five years of hindsight I can now see the wisdom of the guidance I received. I have been blessed with the opportunity to be intimately involved in all things my heart desired: job creation, poverty elimination, healthcare, education, youth rehabilitation and helping build the church in many ways both here and abroad--all because of my work in business. Why do I share all this with you? For two reasons:

First, because I think one of the most important things I have learned in this life is that our very success and happiness depends not in doing what we like or think is best--but in doing the will of our Father in Heaven no matter where that may take us and no matter how foreign it may seem to our own individual rational judgment of what is right or best. Our vision is just too limited. The scriptures remind us of this in Matthew 4:4:

"Man shall not live by bread alone, but by every word that proceedeth forth from the mouth of God."

One year when I was working on Wall Street my firm, Kidder Peabody, was advising Macy's on a multi-billion dollar takeover of Federated Department Stores. We had been at the lawyers' offices day after day. We, the bankers, were moving the bid price up and up literally by hundreds of millions without any real idea of true value. It became a contest of egos, about winning. In this tug of war two unexpected things suddenly happened to me. I got a call from the Chief Financial Officer of General Electric--GE was a major shareholder of Macy's--and he asked me, "Bob what are we doing here? This deal doesn't make any sense to me." I said back to him, "You're right, it makes no economic sense. The best reason I can tell you why we're doing this is that you just bought Kidder and if this deal goes through Kidder will make \$15 million in fees." He said, "Okay that's something I can finally understand. Thanks for being honest. I guess we should just keep pushing ahead." I thought how crazy. Where was our sense of value? Kidder gets fees but the company ends up way over levered putting at great risk GE's multi-million-dollar stake. Massive job loss and store closure would also have to follow so the debt on the deal could be paid down. Then it struck me this deal was not the only thing that was crazy. I was also crazy. I was helping to engineer this madness.

Shortly thereafter I was back at the lawyers' offices and during a break in the negotiations an investment bank colleague of mine tried to convince me that it was better to own a summer home in Paris than in the Hamptons because he could take the Concorde and spend less time traveling to a home in Paris than driving in the traffic on New York's Long Island Expressway. Then I heard that voice once again inside of me. It said, "Get out of this place. Take your experience and knowledge and move on." But then a practical voice said, "But if you leave you're going to lose the \$400,000 bonus you'll earn for doing this deal and you will throw away your career and the millions you put yourself in position to earn over the long haul--millions that you can give to the Church or other great causes." The still voice returned, "If you don't leave now you'll become everything you once despised." That possibility shook me to the core.

A few weeks later I left Wall Street and the money and went to a smaller investment firm, Bain Capital, where I became a partner with Mitt Romney and started over. This made no sense at the time. Bain Capital was a fraction of the size of any house on the street. I had to take a huge pay cut to join. The firm had maybe fifteen employees and had done only a few small deals. It was impossible to know at that time we would be able to grow our firm to a capital base of almost \$14 billion today; or that we would be the means of creating thousands of jobs; or be the lynch-pin behind thousands of other individual employees and a constant or often primary source of funding to over fifty children's charities; or that it would bring me--and for that matter my partner--Mitt to positions which would allow us to exercise much more influence for good than could have otherwise been possible. Today it is easy, once again with the vantage of hindsight, to see the wisdom of the Spirit which prompted me to leave the "street" over my rational mind, which told me any such move, would be foolish and risky.

This experience and many others like it have taught me that in business regardless of who

we are or what we may believe, we will always be brought to crossroads. At these junctures, when the path is unsure, many will conscientiously ignore the call to faith and instead look only to their own wit, skill and analysis to solve the challenges. Because of this I look at each of you today with great concern. I know as sure as I am standing here, each of you is about to enter into a world where you are going to be unbelievably pressured to make decisions that will ask you to set aside the promptings of your soul and compromise principles you hold dear. In the words of my good friend Terry Warner you will be sorely pressed to "betray yourself." You will receive appeals to pride, prominence, prosperity and power and you will be tempted to aspire, accuse, contend and covet. Everyday in your job someone will try to convince you that it's just all about the money, but it will not be in those exact words. It'll be more like: "I got a 10% raise. What did you get?" or "I can't tell you how great getting the beach condo has been for our family." Others of you may find that you can't get the job or advancement or make the sale unless you pay some person some small favor or unless you join their party or club. And as you protest the unfairness of the situation there will be three or four others ready to take your place. Still others of you will feel emotionally empty from the loneliness of the road or the stress of the day and will find that, away from home where "nobody else will know or find out," there will be innumerable age-old invitations to fill that void. These calls to choose self over conscience will be endless.

I keep in my office a pair of cowboy boots of a man who sold his company to us. His wife gave them to me as a memorial to her husband who died of cancer just before we completed our transaction together. At one time he had hoped to pass the company on to his family. But one son had wanted it all too soon and attempted a hostile takeover of his father while another son was sent to prison for defrauding the company. What started out as a family dream turned to a nightmare as selfishness took hold. The boots are my constant reminder how easily things can fall apart when self becomes the primary driver.

At the other end of the spectrum is the need to guard against self-righteousness. You may recall the story of the disciples who Christ rebuffed, when they complained to him--with what the scriptures describe as "indignation within themselves"--about the oil that was being poured on his body and how much better it could be used if sold to help the poor (see Mark 14:3-9). This should serve as a reminder to each us that when we go about our daily labors without the Spirit ends and means can become confused (even when more noble aims are intended) and what may seem to be good can actually end in unnecessary frustration and even harm.

These acts of the self centred mind are a goodly part of the beat of modern industrial life and are like the "salutations in the marketplace" referred to by Christ (see Mark 12:38), which will always both flatter and tempt you. They are the very practices and challenges which so often make business a demanding world of raw selfishness aimed at ever increasing profit. If not courageously resisted this commercial environment will work to deafen you to all other voices. It will blur the lines between moral and legal correctness and try to make you doubt, compromise or set aside your values. The recent events at Enron are a powerful witness to this very outcome.

Indeed the Enron example alone should impress on you forever that you will not be able to stand if you rely solely on your own reason or desires. The more subtle reality--less visible to most--is that if you knowingly or passively accept without question or just roll with the humdrum of the marketplace, even if you rise to admired public reputation or exceptional Wall Street success, it will not matter because inwardly you will be conflicted, at odds with yourself, and unfulfilled because you will not be where you are supposed to be but in a spot where you risk your very soul. All my experience tells me this is so and I can't even begin to tell you how many self-justifications you will be able to find to put your own voice over the voice of the Spirit. I believe President John Taylor saw this when he spoke:

"It matters very little what we are engaged in, it is impossible to do right without the guidance of the Almighty."

Second, I also share these experiences with you because I have found as you guide your life's decisions by the Spirit there is no such thing as careers only fields of service and that it does not make any difference whether you are a scientist, a social worker or businessman. In the world of the Spirit home teaching and business leadership are one. Moreover, I am sure as we gather here today many at this University and elsewhere view us as distant and foreign from the real issues of life. Yet, please be assured, as C.S. Lewis once remarked in a speech to students at Oxford University:

"The work of a Beethoven and the work of a charwoman become spiritual on precisely the same [basis], that of being offered to God, of being done humbly, 'as to the Lord.'"

One of the most moving and lingering memories I have in my business life began right here at BYU. In my freshman year I was asked to be the home teaching companion of an older student of Mexican descent, Ezekiel Sanchez. Zeke is the second oldest of sixteen children and was disowned by his father for joining the Church. He partnered with Larry Olsen to start the outdoor survival program here at the Y. He later dedicated himself to helping youth, in part, because his childhood had been so tough. Before BYU he worked with his father as an itinerant Texas field worker to support the large family and suffered daily with racial slurs and slave-like wage oppression. After BYU, Zeke became a seminary teacher to Navajo youth on their reservation and later a director of training at the Provo MTC. But Zeke had burning inside him a voice that told him to leave Provo and go help troubled youth. He went to Arizona where with Larry he co-founded the Anasazi Foundation aimed at touching the hearts of teenagers who struggle with heavy burdens.

One day while I was working in my office a CEO friend of mine called and asked me if I knew of any place that could help him with his daughter. I said I had an old friend that I hadn't spoken with in over 20 years but I knew was very involved in this area. I then called Zeke and found out that not only could he help my friend but I also discovered two other very important things. First, that Zeke and his partners had built what many believe to be the single most successful center for helping teenagers anywhere in America and

secondly that it was in severe financial stress. A burden I knew how to help fix. It soon became my privilege, once again, to be Zeke's companion in a mission that is no less noble than our first and that continues to this day. Now I ask you this question: Why do you suppose I was assigned to be that Home Teaching companion some thirty-two years ago? Zeke and I surely didn't know what lay ahead for either of us but I believe the Lord did and I have come to believe that in the eye of faith business is never a career but an ever-unfolding ministry.

As you leave this campus, I hope you are filled with the desire to achieve the heights of your potential. Do not be content to avoid engagement. Honour the inspired motto of this university: "Enter to learn, Go forth to serve." The scriptures also speak often and directly to this. Each of us is to be actively engaged in good causes (see D&C 58:26-28). In business this a special challenge because the pull is toward all consuming and uninspired busyness. However, I believe it highly instructive that King Benjamin in the Book of Mormon identifies his labour to lighten the taxes and the material burdens of his people as one of his great services to God. He made service and daily labour one (see Mosiah 2:14-16).

There is much that could be said about business and service; but as I have thought about it, one lesson has always stood out to me and that is how easily Cain--who the scriptures say "hearkened" to himself over the voice of the Lord (see Moses 5:16)--rejected the higher principle of service as his brother's keeper for the sake of getting gain. Modern revelation also cautions us about this temptation. We are to resist inappropriate emphasis on property and material gain. In D&C 117 we read:

"For what is property unto me? Saith the Lord... Have I not the fowls of heaven, and also the fish of the sea, and the beasts of the mountains? Have I not made the earth? Do I not hold the destinies of all the armies of the nations of the earth? Therefore will I not make solitary places to bud and blossom...Is there not enough... that you should covet that which is but a drop and neglect the more weighty matters?" (D&C 117:4-8)

Consequently, as you go forward from here the questions that you will constantly need to ask yourself are these: Will you set your heart more on personal gain or on being your brother's keeper? And if a brother's keeper, then what of your heart, might, mind and strength will you consecrate on the daily altar of brotherhood? I believe you will find your response to these summons of the Spirit will be the defining force of your soul's character throughout the remainder of your life.

I had dinner the other evening with a close friend, a well-known alumnus of this school. I shared with him what I was going to speak with you about today and he shared back with me several examples of conflicts he had had, like being offered a million dollars to do a Coke ad, which he turned down--something Coca-cola just could not understand. Then he asked me: "Bob, how do you really know when you're hearing the Spirit?" I leave with you this thought:

When I had my 12th birthday I went to the movies. The ticket for an 11 year old was 25cents and for a 12 year old, 30cents. 5cents meant an additional piece of candy. As I stood in the line, I rationalized away the fact that I was now 12 years old with the thought that I still didn't look any older than 11. I then stepped up and bought the 25cent fare and got the extra candy. I was so proud of myself for having pulled this off that after the movie I ran home to tell my dad about my coup. He looked at me and said, "Son, would you sell your soul for a nickel?" It is a lesson I have never forgotten. There is a voice within me and each of you that is a transforming power. It constantly speaks to each of us, in its own unique way, to our minds and hearts (see D&C 8:2) every time we need to step forward or when we look to sell ourselves short no matter the price. It isn't so much that we can't hear it; it is more that we try to rationalize it away. My hope is that you hear that voice which is both within and beyond ourselves better than I did when only a few cents were involved.

As you look to that voice as your guide you will also find that how you and I individually respond to issues and challenges may be different because of our customized talents, tests and missions-- for in the world of the Spirit everyman arrives only, as Whittaker Chambers once observed, as he "hangs on the cross of himself." Honouring conscience, not conformity of thought or tradition, is what matters. Others will always be willing to make tough choices for you. Your charge is to attune yourself and then exercise your God given agency to act in accordance with His will. This choice is the cross each of us is expected to bear. As you take up that cross and prayerfully continue to follow the voice of the Spirit, your business labours may or may not bring you wealth or prestige, but this I do promise--your work will bring you joy and happiness and your life will not have been spent in a career, but in a ministry which will be a benediction to your family and to others in ways you cannot imagine. I think each of us would also be well served to remember Heavenly Father's caution and promise to those who obey or fail to obey His voice. In the Book of Mosiah we find this word of caution:

"...If ye shall transgress and go contrary to that which has been spoken, that ye withdraw yourselves from the spirit of the Lord, that it may have no place in you to guide you in wisdom's paths that ye may be blessed, prospered, and preserved- I say unto you, that the man that doeth this ...becometh an enemy to all righteousness." (Mosiah 2:36,37)

In contrast in the Doctrine and Covenants we find this promise:

"Great shall be their reward...For by the power of my Spirit will I enlighten them, and by my power will I make known unto them the secrets of my will-yea even those things which eye has not seen, nor ear heard, nor yet entered into the heart of man." (D&C 76:6,10)

Let me close now with this final thought from Elder LeGrand Richards, who said the following when asked to define what success meant:

"When I was eight, my father, who had just recently been ordained a patriarch,

gave me a blessing. Among other things, he said that I had not come here upon earth by chance, but in fulfilment of the decrees of the Almighty to accomplish a great work, and then he defined that. All my life, I have prayed that if I didn't come by chance, that the Lord would help me accomplish what He sent me to do, so when my mission here on earth was completed, He wouldn't say to me: "This is what we sent you to do, but you failed and we had to raise up someone else to do your work for you." True success to me is to accomplish the purpose for which the Lord sent me upon the earth."

That is my sacred prayer for myself and it is also my hope and prayer for you-- that each of you may know that you are not here by chance and that great days and great success await--if you leave here not to go to some job or the next school but to minister and attend to the Lord's purpose especially asked of you by the soul's light in your chosen endeavours. In the name of Jesus Christ, Amen.

Leadership and Empowerment

Gina Hernez-Broome and Dianne Nilsen

Empowerment does not come easily to most leaders. Leaders are achievement oriented and like to have control, according to research conducted at the Center for Creative Leadership (CCL). It's probably these two factors—achievement orientation and a desire for control—that have gotten leaders where they are. But empowerment of others requires one to relinquish some control and some opportunities for personal achievement. It may even require putting one's career at risk.

With so much to lose, why should leaders empower others? The following three stories, told by executives attending CCL's Leadership at the Peak,

Empowering others requires one to give up some control and opportunities for personal achievement.

a program for CEOs and senior executives, tell us why empowerment is critical in today's organizations.

"I used to be a control freak and poor in developing people under me. I was putting too many hours into work and used to wake up at night worrying about business-related issues. As a result of an organizational change, I led a task force on a new business venture, and this assignment forced me to stop worrying about the business I was managing.

"Even though my new peers did not exhibit much business or product knowledge, my workload forced me to give up control. When I returned to my old business unit, people welcomed the change in my behavior. I now behave more like a coach in developing two of my subordinates to take over my responsibilities. I am more relaxed and have become a better leader."

"I was fairly new to the company and was traveling with the CEO, in the capacity of attorney, to help negotiate a real estate deal. The CEO is about seventy years old and has been doing real estate transactions

for forty or so years. The negotiation was fairly high-charged because after negotiating with the owner for a long period, another buyer had entered the picture at the last minute. The owner said if we didn't make a deal that day, he was selling to the other buyer.

"The owner and, in particular, the owner's attorney were addressing all of the questions to the CEO. After a few minutes the CEO, in response to a particular question, pointed to me and said, 'He's the expert on this. Talk to him.'

"I was empowered to participate more fully in that meeting, but more important, he sent a message that my opinions were valued and trusted by someone more experienced and senior to me."

"We were introducing large levels of automation in the production process. The leader empowered the plant engineer to be responsible for the start-up of the equipment. During this most difficult start-up, he believed in his staff and supported us rather than second-guessing the plant engineering department. He stressed to the whole staff to stay in position rather than second-guess the experts.

"The plant did not run into anarchy with groups pointing fingers at each other. People stayed in position and stayed focused on the goal rather than looking for scapegoats."

Sometimes leaders renege on empowering others. As the following two stories illustrate, this can have disastrous results.

"This was a situation of very difficult, protracted, high-stakes supplier negotiations. I was told several times by my boss that I was the last call on the agreement with the supplier. After completing the negotiations (with several status reports submitted on time) my boss pulled me and the negotiating team in to describe his displeasure with the results (very graphically). He did this to test our resolve of completing the negotiations to our own satisfaction. Unfortunately, his actions demoralized the negotiating team, turning what we believed to be a win into a major downer."

"Forecast budget expenses and revenues were going to be very close to the earnings projection given to the board by the CEO. Business unit heads expressed full confidence that they could manage the expense side. The CEO made strong statements about how the business unit heads were empowered to make decisions and run their business.

"Before the first month of the year was over, the CEO expressed concern about corporate costs. To emphasize this, he issued a memo stating that he personally had to approve all travel, all training expenses, and all personnel replacements. This company has six thousand employees and two billion dollars in revenue. The CEO's behavior failed to match his public statements and eroded the morale and trust of the entire company, down to the lowest level. For the top-level executives it created a crisis of confidence in their leader."

As we read what executives had to say about empowerment, we were struck by five actions leaders can take to empower wisely. First, give your staff a challenging goal. Empower them to make a significant contribution to the organization. But don't just give them an assignment and leave them completely alone. Empowerment is not laissez-faire management. Second, express confidence that they can meet the challenge. A leader's confidence is contagious—if the leader believes people can succeed, they are more likely to believe it themselves. Third, offer support, not only verbally but in your actions as well. Provide

the necessary organizational resources and support to get the job done. Fourth, once you have empowered your staff, do not second-guess their decisions and don't take back control. As the last story indicated, doing so hurts morale. Fifth, respect individuals' differences, in terms of both willingness and ability to be empowered. Empower wisely by matching people to the challenge.

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