ONE
A taster of leadership – Where have all the leaders gone?

A cautionary tale for today's times

Are we really getting better? – A personal perspective

What does leadership mean in today's world?

How well served are we by today's corporate and political leaders?

Does the rhetoric of leadership match the current reality?

This book charts the wisdom and work of some of the world's past and present leadership gurus. It details many of the personal characteristics and traits viewed as critical in leaders. Organizations around the world devote huge resources and spend vast sums of money trying to recruit and develop leaders at all levels. Some of our gurus talk of exciting concepts such as 'transformational leadership' and the 'servant leader'. Some even advise us that in today's organization we are all leaders now. So there is great excitement and energy around the whole leadership field. Our gurus constantly talk of leaders as people who inspire, motivate and stretch mindsets to achieve impossible goals. They create compelling visions and vibrant places to work. But set against the current socio-economic, business environment we ask whether our current leaders are actually making the grade?

The Enron fallout

The Enron corporation scandal of recent years elevated the issue of corporate leadership to the top of the world's business agenda. The collapse of Enron not only devastated the lives of thousands of employees but also resulted in a huge impact on the business world that still reverberates today. Yet it is worth highlighting that only a few years prior to its ignominious collapse Enron was:

- Widely classified as a great corporate citizen
- The winner of six environmental awards
- The year 2000's global 'most admired company'
- For six years listed as 'America's most innovative company'
- Three years listed as 'one of the best companies to work for'
- Praised for its triple bottom-line reports that covered not only economic issues but also its social and environmental performance.

Enron was regularly quoted in business schools around the world as a centre of excellence and a business model for the new millennium. Conference speakers and academics worldwide applauded a new and innovative company that seemed to be writing new rules for the business world. As an asset light company involved in financially linked products and services it was seeking to trade in all kinds of markets. In doing so it developed a highly aggressive internal corporate culture that provided excessive rewards for superior performance. It encouraged an ultra competitive internal market whereby staff were pitted against each other. Yet as a corporate entity Enron collapsed literally in just a few weeks, leaving behind a trail of human and financial destruction. Between 1997 and 2001 Enron's market capitalization grew to an astonishing $50 billion yet it took only ten months for all of that value to be totally destroyed.

The full examination of what went wrong in Enron still continues but what is already clear is that at root of the difficulties was a leadership cadre that seemed to have lost any sense of a moral compass. The high-powered competitive culture that it had done so much to cultivate ultimately created the conditions for its downfall. The result was a dangerous and ultimately fatal belief that Enron's leaders could do anything in order to inflate the financial performance of the company. Enron ultimately became a company that was characterized by lies, arrogance and betrayal.

But Enron is not the only high profile global company to have been dramatically challenged by the role and behaviour of its leaders. Indeed, during the last few years we have seen a number of very high profile companies let down by their leaders. Quickly following on from the Enron debacle was the WorldCom collapse that again saw another major corporate entity ruined by a complex accounting scandal. Whilst WorldCom's chief financial officer Scot Sullivan was being publicly arrested and handcuffed by Federal Marshals, the former Chief Executive, Bernie Ebbers refused to testify in front of the US Congressional Committee investigating a 2001/2 $3.9 billion auditing fraud which involved booking ordinary expenses as capital expenditures.

WorldCom connected some 20 million customers and some of the largest businesses in the world. It was among one of the best performing stocks in the 1990s. In 1998 it acquired MCI in what was then the biggest merger in history. By dressing up the books as they did it enabled WorldCom management to post a $1.4 billion profit in 2001 instead of a loss. In fact WorldCom's market loss fell from $180 billion to less than $8 billion, a far bigger wipe out than was seen with Enron. It also transpired that during his leadership tenure Ebbers had received a $344 million loan from the company.

Scandals everywhere!

Similar financial scandals seemed to be breaking out everywhere and involving companies such as Rite Aid, Tyco, Imclone Systems, Global Crossing and Computer Associates. All seemed to involve not just major financial irregularities but also tales of excessive greed and arrogance by certain leaders. Very quickly all sorts of questions were being raised about the moral and ethical behaviour of these leaders. It appeared that very few seemed to have been worried about their wider responsibilities to staff, company pensioners, investors or customers.

During the period of 1993 and 1996 leaders of Sotheby's in the United States had been jailed and heavily fined for serious offences relating to illegal price fixing in their markets with Christie's. It was alleged that customers were cheated out of $400 million as a result of the agreement to fix commissions and avoid offering discounts. Alfred Taubman the former Chairman of Sotheby's was eventually jailed for a year and fined $7.5 million. Whilst denying any allegations of collusion, former Christie's Chairman Sir Anthony Tennant risks arrest if he travels to the US. Christie's former CEO Christopher Davidge, eventually testified to price fixing in return for immunity against prosecution.

And so events continued to go on. More recently, Rank Xerox faced major US Securities and Exchange Commission investigations into their business affairs. At the same time most of Wall Street's global financial organizations including Lehman Brothers, Goldman Sachs, Bear Stearns, Merrill Lynch, Credit Suisse First Boston, Morgan Stanley, JP Morgan Chase and Deutsche Bank were all under attack for excesses in relation to abuses of clients and customers in the late 1990s and early part of this decade. Elliot Spitzer, the New York attorney general, eventually levied a $1.4 billion fine against 10 investment banks in settlement of the market abuses. In return the banks agreed to make sweeping reforms to settle accusations that their research analysts had misled investors during the 1990s stock market bubble. The settlement resolved multiple investigations into whether banks tried to encourage favour with corporate clients through biased research or offering initial public offering (IPO) shares to executives in hot issues that were coming to the market. This was a practice that became known as spinning. In this huge scandal Jack Grubman, a former star analyst at Citigroup's Salomon Smith Barney, was singled out for particular criticism. He subsequently agreed to a $15 million fine and being banned from the securities industry for life for his role in the debacle. Interestingly Sandy Weill, Citigroup's chairman and chief executive at the time who had asked Grubman to take a 'fresh look' at one of his ratings on AT&T's stock in order to win a lucrative underwriting assignment from AT&T worth $63milion in fees, faced no charges.

But when Sandy Weil was subsequently put forward as a possible director of the New York Stock Exchange Elliot Spitzer went public and commented – "To put Sandy Weil on the board of an exchange as the public's representative is a gross misjudgement of trust and a violation of trust….. He is paying the largest fine in history for perpetrating one of the biggest frauds on the investing public. For him to be proposed as the voice of the public interest is an outrage." Very quickly after this statement Weill withdrew his name from the race.

So intense was the fall-out from these scandals that the debate soon reached the White House and Congress, with President Bush and legislators advocating major change and the need to put corporate responsibility at the top of the political agenda. "We must usher in a new era of integrity in corporate America", argued the President. He went on to argue that "the business pages of American newspapers should not read like a scandal sheet…. Too many corporations seem disconnected from the values of our country". Bush argued that "Corporate America has got to understand that there is a higher calling than trying to fudge the numbers". So great was the threat of these scandals that they seemed to genuinely questioned the integrity of the entire financial system. As Bill Jamieson in *The Scotsman* commented – "A market economy can't function when trust is abused…. When trust is withdrawn, nothing can be rationally priced, for nothing can be taken at face value".

And so to Europe

As these scandals and problems erupted the European business perspective was that it was an essentially US problem. But this somewhat superior view changed very quickly as a series of European scandals came to light. At the time of writing the once revered and globally respected Shell is having its reputation muddied by an over zealous leadership group that falsely booked oil reserves in order to make the company's financial position look more positive. Of course for decades Shell has been held up as an example of business excellence and conservatism. To become a board member of Shell was a signal that you had almost become a statesman in the business world. So it was a great shock to read of former senior executives such as Walter van de Vijver writing emails saying that *"I am becoming sick and tired about lying about the extent of our reserve issues"*. The result of this was an overstatement of oil reserves in excess of 4.5 billion barrels which amounted to about 23% of Shell's total reserves. As a consequence of this action the US and UK regulatory authorities levied fines of $150 million against Shell, and Sir Philip Watts former CEO, Judy Boynton Finance Director and Walter van de Vijer all lost their jobs. Shell meanwhile struggles to regain a once revered reputation and has been forced to make radical changes to its management and board structure. The incident has forced some to suggest the once unthinkable – that Shell could be the target of a takeover!

We were also to hear of similar scandals involving other European corporations such as Vivendi where CEO Jean Marie Messier and his huge ego and expansionary ambitions – he spent $50 billion in one year – eventually managed to reduce the company to junk bond status. Edgar Bronfman Jr sold his MCA and Polygram interests to Messier for $34 billion and a 6% stake in the newly formed Vivendi Universal worth at the time $5.4 billion. After Messier had finished his work Bronfman's investment was worth $1billion. As Bronfman later commented, "Unfortunately it is the same old story of power corrupts but absolute power corrupts absolutely". Messier it seemed, developed the view and opinion that he could do no wrong.

Meanwhile in Holland the Ahold Corporation, which was at one time the world's third largest retailer, became embroiled in another financial scandal when it admitted in 2003 that profits in its US subsidiary had been overstated by $500 million. This was enough to send the company into deep crisis and resulted in a clean out of many top executives, including the Chief Executive Cees van der Hoeven and Chief Finance Officer Michael Meurs. Some 50 US executives also left the company and the US Justice Department and Securities and Exchange Commission announced major investigations. As Chief Executive for less than a decade Cees van der Hoeven had built up Ahold by an aggressive acquisition strategy. He was seen very much as the driving force and the dominant personality in the company. But, like some of our other examples, as a leader it is probable that success blinded him to the extent that perhaps he felt he could do no wrong. Today Ahold still struggles to regain investor confidence.

Around the same time as the Ahold scandal broke, Italy witnessed the collapse of one of its most famous companies, Parmalat. Amid allegations of huge corruption involving fraud and cooking the books to hide a $4billion black hole in the accounts, senior members of the founding Tanzi family now sit in Milan jails awaiting trial. As a company that employed 36,000 employees in 126 factories in 30 countries the fall out on investors and staff has been immense, not least to the image of the town of Parma from which Pamalat took its name. The company even took ownership of the Parma football club spending millions to provide international success. But today Calisto Tanzi the 66 year old patriarch of the company appears to have lost everything. His latest claim is that he did not fully appreciate the difficulties that the business was in.

A similar fall from grace also met the once mighty and revered hero of European business Percy Barnevik, who built ABB into a world class business in the 1990s but was forced to make a public apology and return some £37 million of pension arrangements that did not satisfy satisfactory measures of shareholder governance. One Swedish newspaper calculated Barnevik's award was the equivalent to what

7,967 nurses would earn in a year. A once great reputation was ruined with Barnevik having to resign ignominiously as Chairman of Swedish giant Investor and from Astra Zeneca. Shareholders commenting on Barnevik's behaviour argued that, "He has done serious damage to this organization and has flagrantly abused all his trust". Interestingly, previously in his career, Barnevik had strongly supported notions of better corporate governance. At the peak of his powers he was regularly cited in the Harvard Business Review and business magazines around the world as an exemplary leader. For someone whose personal brand as a globally respected leader had flown so high it was again a rather ignominious ending.

The once admired Swedish Skandia financial services group also saw its reputation ruined by the behaviour of some senior executives, including the Chief Executive Lars-Eric Petersen. Skandia had built up a strong international reputation as an innovative and visionary company. At one time it was seen as a brilliant advocate of knowledge management and associated concepts. But it soon failed to cope when booming stock markets fell and it faced major problems in its US businesses. At one time in early 2000 its share price fell by more than 90%. Tied up with this collapse in fortune were allegations of abuse with regard to overly generous stock options, bonuses and perks – most notably apartments in exclusive parts of Stockholm not just for the executives but also their children. Eventually Petersen was forced to leave the company abruptly in 2003. Again, it was a very sad end to what seemed at one point to be a new and vibrant corporate entity that was taking a new direction under an exciting leadership team. But as with Enron we were all left with bitter disappointment.

Positions of excellence diminish very rapidly

But perhaps the most amazing example of all these examples of corporate leadership failure was the figure of David Duncan the Andersen Partner responsible for Enron turning star witness for the US government. Arthur Andersen was without doubt one of the world's greatest corporate success stories for the last 20 years yet it was destroyed in literally a matter of weeks as a result of its relationship with Enron. We still wait to find out the exact details of what went wrong but it is highly probably that the ultra aggressive and driving leadership culture for which the firm was so well known finally caught up with it. There seems little doubt that certain players in the company appeared to have lost their moral compass in pursuit of growth, increased earnings and financial gain. But for a company that was regularly cited as an example of corporate excellence in all aspects of its business model and, rather like Shell, we should perhaps look to learn at how fast a position of excellence can diminish when the leadership compass is lost. Indeed I am a little surprised by how little people have reflected on the collapse of Andersens. Here was a company that was globally recognised and admired for its strategy, financial performance, operational capabilities, branding, and people. Yet within weeks it had disappeared as a corporate entity. The real lessons appear to have been glossed over but what is clear is that some partners in the firm had clearly rejected old values involving integrity and due diligence and replaced them with a belief that revenue growth had to be achieved regardless of any enduring values.

In all it has been estimated that the Directors of US companies worst hit by the market downturn of the last decade cashed in more than $66 billion in shares, prior to the market collapse. Whilst general workers pension funds collapse senior directors are frequently safeguarded by separate schemes that pay out huge guaranteed sums often for a few years service. Such behaviours are adding to a sense that some of our leaders have lost the right to lead. Equally not all these problems can be attributed to the excesses of Wall Street. In recent times as illustrated by the Shell debacle, the UK corporate scene has also witnessed much to cause concern about leadership behaviours. Recall the devastating effect of leaders in companies such as:

- **Mirror Group** – Robert Maxwell stole from his workers pension funds in order to keep his ailing empire afloat. Maxwell was a dominant figure who managed to bully and buy people towards his own way of doing business. Repudiated by many, he nonetheless managed to build up at one stage a huge business empire and enjoy all the trappings of a billionaire only for it to collapse with a devastating impact on employees and pensioners. He eventually committed suicide.

- **Polly Peck** – Asil Nadir fled from the UK authorities in the 1990s as a result of a major financial collapse of his business empire. A rags to riches story, Nadir fled the country in flight of the fraud squad. He became a legendary and high profile leader on the stock market, with some shareholders seeing returns 1,000 times greater than their original investment. But by 1993, Mr Nadir had fled the UK for northern Cyprus as 66 charges of theft involving £34 million hung over him. Like Maxwell, he left behind a huge legacy of disaster for employees and companies. He continues to enjoy a life of luxury abroad and has threatened to return to the UK to clear his name.

- **Marconi** – Lord George Simpson and John Mayo who as chairman and chief executive managed in a matter of a few years to wreck the once great and cash rich company GEC and rebranded it as Marconi – they inherited a company with a £2.6 billion cash pile and left it with a £4.4 billion debt. In the same time they took the share price from £12.50 to 15 pence. Both managed to escape from the company with hugely generous payouts whilst many others struggled to keep their jobs and investments. In fact, Lord Simpson was given a £300,000 'Golden Goodbye' and a reported £2.5 million in pension payments, despite the company's plummeting value. Investors were left with 99% losses at one stage. Today the company still struggles to re-invent itself.

- **Equitable Life** – Formerly led by Roy Ranson and Chris Headdon. The collapse of Equitable Life has left many hard-working and saving policyholders devastated after an aggressive leadership regime that eventually left a gaping £1.5 billion black hole in the company's finances. Ranson was described by Lord Penrose – in a major report on the debacle – as 'autocratic' and 'manipulative'. In the report Ranson was further accused of bullying regulators and failing to keep the board informed about the company's true financial state. Whilst many customers face a harsh and uncertain future Roy Ranson retired on a pension of £150,000 a year. In 1997 he was also paid £314,131 before he retired and was succeeded by Chris Headdon.
- **Marks and Spencer** – Once a legendary business success story Marks and Spencer was eventually brought to a halt by a dictatorial leadership style that was not able to accept disagreement. Whilst Sir Richard Greenbury had overseen some of Marks and Spencer's greatest successes his well documented domineering style meant he ultimately could not accept advice or see the need for change. Eventually he was forced to resign as the company shaped principally by his leadership style moved into a long lasting crisis that is still being played out.
- **British Airways** – Another magnificent business success story that was at one point reduced to a humiliating decline by an inappropriate and insensitive leadership style that eroded the core values of customer service and quality, and saw a major decline in the fortunes of the company between his tenure of 1996 and 2000. Following Robert Ayling's acceptance of the job of Chief Executive, BA shares underperformed the market by 40%. In his first year, Ayling narrowly averted a pilots' strike. In his second year, a three-day strike by cabin crew cost the company £125 million. Low morale at BA is often attributed to the effects of the strike, with Ayling often being the target of ill-feeling among staff. Many would argue his approach severely eroded the successful brand and service ethos that BA once enjoyed to the envy of its competitors.

Whilst each set of circumstances is very different, these corporate examples all raise questions about the behaviour and values of the leaders involved. In so many cases it appears that problems arose because the leaders of these organizations became too powerful and dominant. Their view becomes the only view – the result is that any dissent or disagreement to the leader's perspective is viewed as unacceptable.

It is reported that Sir Richard Greenbury, the former Chairman and Chief Executive of retailer Marks and Spencer had an embroidered cushion in his office that read, "I have many faults but being wrong is not one of them". Whilst Greenbury was enormously successful for many years his autocratic leadership style ultimately caught up with the company. An analysis of his leadership style reveals a focus on making people feel weak rather than strong. Questioning and challenging his decisions was not to be encouraged. As a result important indicators of impending trading and customer difficulties were ignored. In Marks and Spencer's case this leadership approach was to ultimately push the company into a long and dramatic spiral of decline that it is still struggling to overcome. Senior managers refused to challenge Greenbury in meetings. To do so would have resulted in some negative outcome, so they took the easier option and only advised their leader on what they felt he would like to hear. Bad news would be buried before it got to his office. On his store visits managers would be advised in advance not to raise difficult or contentious issues. The end result was an introspective company that failed to see the world around it changing rapidly.

A leadership crisis?

So what does this say about the notion of leadership in a major corporation? Clearly no one gets to lead a major organization without certain qualities. Ambition, determination, single mindedness and a unique sense of business acumen no doubt help the leaders of many business corporations. But many of the recent high profile examples of corporate failure and greed seem to point to failings in more fundamental leadership behaviours and values. Integrity, fairness and honesty seem to be clearly lacking in many situations. Instead we often see huge egos, the abuse of power, together with selfish behaviours. In some cases there are clear leadership strategies of bullying and intimidation. The result is an emerging crisis of leadership in many organizations; where large numbers of people now hold their leaders in quiet contempt. In the corporate world it seems that naked arrogance, coupled with extreme ambition and self interest is making for an unattractive notion of leadership. This has sometimes been linked to the so called 'celebrity chief executive'; the belief that a superstar leader can somehow come in and transform a business all on their own. Some of the leaders we have mentioned clearly fall into this category. They become synonymous with the company and the company's success is solely attributed to them. In contrast when things go wrong such leaders appear all too quick to avoid any kind of responsibility and accountability. Invariably failure is attributed to some other force and it is only after much protest and delay that they are forced to leave or resign.

A closer inspection of the companies we have discussed would reveal that the vast majority of them spend huge sums of money on developing notions of leadership amongst their staff. Many will send their executives to business schools and numerous training programmes on leadership. They will invest heavily in complex processes to identify and develop leadership talent. They will have codes of conduct for every aspect of their business – customers, service, people management and even ethics. So where does this gap between these processes and the reality of leadership behaviour come from? Is it as Edgar Bronfman suggested of Jean Marie Messier, the age old story of absolute power corrupting absolutely? Certainly the leadership examples we have highlighted seem to provide a marked contrast to the words of the many gurus cited elsewhere in this book.

But what about public sector values?

But it is not just in the corporate world that this crisis of leadership resides. The last general election in the UK saw one of the lowest electoral turnouts in our democratic history. This is a dramatic trend that is being repeated across the European democratic process. Many surveys consistently link this worrying trend to the mass apathy that the electorate feel towards politicians and the political process. It is a frightening statistic to learn that more people in the UK voted for the 'Big Brother' television game programme than in the European elections. Many would argue that distrust of politicians is not a new phenomenon but increasingly it seems politicians are viewed as ever more self-serving and remote to the people they govern.

Even in the public sector and civil service, which for so long was felt to value integrity and responsibility, has shown similar problems. In the UK we have witnessed the political scandal associated with the parliamentary standards commissioner Elizabeth Firkin who in 1999 was perhaps over zealous in reviewing some politicians' expense claims and their extra curricula business activities. She had reviewed the activities of certain figures in employing family members and concluded that they had not properly followed the procedures. However, her ruling was rejected by the Members of Parliament on the standards committee. The result was that she experienced great obstacles in trying to operate and soon left her job in circumstances which, she felt, amounted to her being forced out. It was a situation that did not reflect well on our elected representatives.

We have also witnessed the unending posturing of certain politicians, such as the former Transport Minister Stephen Byers who swerved from one political scandal to another whilst denying everything along the way until public pressure forced his resignation in 2002. This was the politician who employed a public relations adviser, Jo Moore, who suggested that events like the New York September 11 tragedy were good situations in which 'to bury' bad government news. Interesting Byers initial stance was to protect his 'trusted' adviser until such time that the sheer force of public pressure and outrage forced her resignation. Couple this behaviour of course with the fall out of the Iraq war and the huge public outcry over the failure of anyone in the UK Government to take responsibility for the failure of the intelligence gathering in the decision to take Britain to war in Iraq. The conclusion after several high profile investigations appears to be everyone was wrong but that no one is responsible or accountable. Perhaps there is no greater decision in life than to take a country to war and for no one to accept responsibility for the terrible set of events surrounding the UK's intervention will remain forever one of the great stains on UK public life.

But it is not just in the messy political and business worlds that problems lie with our leadership cadre. We have also witnessed major scandals in the field of Public Services. The National Health Service has revealed major leadership failings involving the removal of deceased organs without parents or relatives permission. The scandal at Liverpool's Alder Hey Children's Hospital centres on the retention of hearts and organs from hundreds of children. The organs were stripped without parental permission from babies who died at the hospital between 1988-1996. Hospital staff also kept and stored 400 foetuses collected from hospitals around the north west of England.

An official report into the removal of body parts at Alder Hey Hospital revealed that more than 100,000 organs were stored, many without permission. Professor van Velzen who was largely responsible for removing the organs was suspended by the General Medical Council amid fury and protest from relatives of the dead. Professor van Velzen, subsequently blamed the hospital's management for failing to explain to parents what would happen to their children's bodies. Acting chief executive of the hospital, Tony Bell, said he was "deeply sorry" for the hospital's actions over a four year period, but added that pathologist Professor Dick van Velzen must now explain his comments. Again it seemed a case where leaders were not standing up to do the right thing. The findings of an inquiry into the affair were described by the then Health Secretary Alan Milburn as 'grotesque' and telephone help-lines had to be set up to deal with calls from distressed parents trying to find out if their deceased children had been caught up in the scandal.

At the same time the Bristol Infirmary children's heart surgery scandal revealed that sick children and babies continued to be operated on when evidence suggested the operations were extremely dangerous and should not have been undertaken on many occasions. One earlier whistleblower, a Dr Stephen Bolsin, claimed his career was under threat following his attempts to take action with the senior executives and surgeons involved. He subsequently resigned in 1995 and went to live and work in Australia.

James Wisheart and Janardan Dhasmana, two of the key surgeons involved, had by 1997, following further complaints, stopped operating and eventually, after pressure from parents, the General Medical Council (GMC) launched the longest and most expensive investigation in its history. A little over two years later, both surgeons, and a Dr Roylance the health trust Chief Executive, were found guilty of serious professional misconduct. Roylance and Wisheart were struck off, while Dhasmana was banned from operating on children for three years. He was later sacked by the hospital trust involved. Although Wisheart and Roylance had already retired, keeping their pension rights, and in Wisheart's case, thousands of pounds in a merit award conferred for 'excellent practice'.

The GMC decided that both surgeons should have realized d their results were bad and stopped operating sooner than they did. They were also criticized for misleading parents as to the likely success rates of the operations their children were about to undergo. Despite the evidence all three doctors still insisted they did nothing wrong – or at least did not perform badly enough to merit being punished by the GMC.

Where were the responsible leaders when these problems started to emerge? A key report into the scandal commented that there was a 'club culture' amongst powerful but flawed doctors, with too much power concentrated in too few hands. Dr Stephen Bolsin, the man who is widely credited with blowing the whistle on Bristol claims he was virtually driven out of medicine in the UK after proving the catalyst for the ensuing scandal.

But what made a relatively junior consultant anaesthetist take the extreme step of risking his career in such a manner? He summed up his response as, "In the end I just couldn't go on putting those children to sleep, with their parents present in the anaesthetic room, knowing that it was almost certain to be the last time they would see their sons or daughters alive". Surely, if anything, this was an act of leadership in very tragic circumstances. The subsequent public inquiry resulted in a damning report that concluded that between 30 and 35 children who underwent heart surgery at the Bristol Royal Infirmary between 1991 and 1995 died unnecessarily as a result of sub-standard care.

We also still live with the fall out from the Stephen Lawrence murder inquiry and the vast implications for the role of the police and the law and order agenda. The 18-year-old A-level student was fatally stabbed at a bus stop near his home in Eltham, south-east London in April 1993. A 1997 inquest ruled he had been "unlawfully killed in a completely unprovoked racist attack by five white youths". The original Metropolitan Police investigation which did not lead to any prosecutions was later found by Sir William MacPherson's 1998 major public inquiry to be racist and incompetent. The inquiry became one of the most important moments in the modern history of criminal justice in Britain. Famously concluding that the force was 'institutionally racist', it made 70 recommendations and had an enormous impact on the race relations debate – from criminal justice through to all public authorities.

What remains clear is that past police leaders appear to have been unable to root out unacceptable practices and challenge a very harmful culture within the police service. What do such matters say for the quality of leaders we currently enjoy? Just as with the Wall Street Banks, we know that Police organizations along with other public sector bodies, will spend large amounts of time and resources devoted to the development of leadership behaviours and practices. No doubt police leaders would talk of the importance of leadership and attend conferences on such matters. Yet the reality seemed to fall well short of the day to day reality never mind the desired ambition.

The cynics might of course say that words such as 'honesty' and 'integrity' have in reality little to do with business. After all it is a long time since the phrase 'my word is my bond' was whispered in the City of London or global capital markets. Yet in the public sector we have supposedly highly educated and well-intentioned police leaders, surgeons, doctors and hospital administrators supposedly bound together by an ethic of service and care. So why do these crises seem to be increasing? What has happened or is happening to our concept and quality of leadership? Are simple failures to accept and take responsibility clouding our views of all leaders?

A legitimate right to lead versus the 'I/me' agenda

In reviewing the work of many of the gurus listed in this book it is clear that being a true leader often involves taking tough and demanding decisions that do not always please everyone. But our review also reveals in most cases, that leadership implies having a legitimate right to lead: where values such as integrity and fairness are essential to any leaders make up. Whether you are a Chief Executive, political leader, factory manager or hospital team leader your values are critical. But on the evidence of some of the examples we have examined, it seems a huge gulf has opened up in relation to what leaders now regard as acceptable behaviour. There is little doubt that some business leaders exercise power and patronage as if they were later day emperors. In turn, politicians no longer resign on matters of principle. The suspicion is always that no one will accept responsibility and that denial is always the first line of defence.

My current experience of working across the globe at all levels of business reveals an immense feeling of dissatisfaction with the quality of leadership currently being shown. Most people have no problem with business leaders who are successful and who generate massive, long-term shareholder value. But the frequent perception given is that many corporate leaders are solely concerned with an inherently selfish 'I' and 'Me' agenda. Principally this philosophy is characterized by the desire to inflate their company's share price in the shortest possible time in order to trigger enormous stock options, regardless of the long-term strategic implications. When they screw up they still win generous payoffs and pension payments, yet leave many employees lives devastated. Very few ever express regret or actually admit errors, never mind utter the word 'sorry'!

Just look at some other recent examples of corporate leadership:

- In January 2002 Al Dunlap, former CEO of Sunbeam, was fined $15 million for falsely reporting performance. At the same time he managed to plunge the company into a massive financial crisis from which it seeks to regain credibility. His nickname was Chainsaw Al, based on his previous appetite for enacting massive job cuts in his organizations. Not even Dunlap's harshest critics could have predicted such a disastrous outcome when the chief executive first strode into Sunbeam. The day after Sunbeam announced that it had hired the self-styled turnaround artist and downsizing champion as its CEO, the company's shares soared nearly 60%, to $18.63. At Scott Paper Co., Dunlap's last CEO assignment, he had driven up shares by 225% in 18 months, increasing the company's market value by $6.3 billion.

  In Dunlap's presence, people quaked. Staff feared the verbal abuse that Dunlap could unleash at any moment. As John A Byrne who wrote a book titled Chainsaw reported, "At his worst, he became viciously profane, even violent. Executives said he would throw papers or furniture, bang his hands on his desk and shout so ferociously that a manager's hair would be blown back by the stream of air that rushed from Dunlap's mouth. ''Hair spray day" became a code phrase among execs, signifying a potential tantrum. It seems to be another classic example of unbridled power and arrogance facing ignominious disgrace. But at one time Dunlap was feted as an extraordinary leader by many commentators.

- Sir Ian Vallance, Chairman of BT, led the company into a situation where it was left with a £30 billion debt and was subsequently forced into a £6 billion rights issue to play down the debt. He left BT with a pension of £355K on top of benefits of £30K and additional fees of £321K for 12 months work as Company Emeritus President – a honourary post given to him after he was pushed out as Chairman. At the same time his former Chief Executive Sir Peter Bonfield's saw his pay at BT rise by 130% to £2.53 million. He eventually left the company with £1.5 million in his pocket despite the fact that the company had lost half its market value the previous year.

Despite these clear failures of performance these leaders still argued for their £1 million plus payoffs as part of their contractual arrangements. Legally they may be right but from a simple meritocratic and moral perspective they appear bankrupt. It is what has come to be known as the 'reward for failure' syndrome and has provoked a political debate on both sides of the Atlantic. To some this debate is simply about a few bad apples that always occur in any sphere of life. There is no need to worry and this does no damage to the wider well-being of our organizations and society. To others the problem is symptomatic of a much deeper leadership malaise. As two well-known commentators, Henry Mintzberg and Robert Simons have commented, "A syndrome of selfishness has taken hold of our corporations and our societies, as well as our minds…If capitalism stands only for individualism it will collapse".

Sir Howard Davies, formerly head of the Financial Services Authority (FSA) in the UK, commented that ethics in the City "is a bit of an uphill struggle". He went on to express regret that financial companies who had clearly been guilty of miss-selling mortgages and pensions were reluctant to contact customers after the fact. Again, the heads of these major businesses seemed to show no remorse that their organizations and staff had clearly failed to set out the real implications of the products they were selling to their customers.

In all of this debate it seems that customers, suppliers and staff simply don't figure on the agenda. As a result the leadership perspective is increasingly viewed as one of pure greed and self-interest. As one City analyst pointed out to me when asked how some of the well-known and disastrous acquisitions ever saw the light of day, "You have to understand if you have an aggressive and very ambition CEO who is being encouraged by countless investments bankers to go after an acquisition, in the sure knowledge that it will ramp up revenues and increase the share price in rapid timescales, then nothing on earth is going to stop them!"

Private, public and political – The problem's everywhere

In the same breath many people will comment that this behaviour mirrors the same problems with our political processes. Politicians who will say anything to get elected only to then renege on their promises once in power. Nothing new here perhaps, but today's 24 hour reporting means that people have the ability to compare and contrast as never before. The end result is a common belief that all politicians seek office purely for their own self interest. This is, of course, a very harsh and unfair judgement on many hardworking and dedicated politicians. But that is one of the consequences of poor leadership, you end up being tainted by your leaders' behaviours. As I write, the UK press are having a field day about the breakdown of the relationship between Tony Blair and Gordon Brown. The two, it seems, cannot stand the sight of each other and constantly allow aides to brief against the other side. Meanwhile they are custodians of two of the great offices of State, yet the behaviour they display appears more appropriate to two rather junior middle managers squabbling over a new job. When of course confronted about the problem both refuse to answer direct questions preferring to speak in coded messages such as, "The real answer is probably yes but I obviously cannot say that on the record". So we speculate that we will all have to wait for their richly rewarded memoirs to read the truth of the relationship and have the suspicions confirmed.

Just as we marvelled at former Enron CEO, Jeffrey Skilling, arguing that as a former Harvard MBA and senior McKinsey partner he did not understand financial matters and was not fully conversant with the complexities of the Enron balance sheet!

Who wants to hire a former Maxwell Finance Director? One of my relatives worked at a company that did and ended up losing thousands of pounds in a scam that had obviously been learnt at one of Maxwell's former companies. The individual and a large sum of cash disappeared from the company.

Who can honestly say that they admire the way in which the former corporate leaders of Equitable Life treated the policyholders and pensioners – people who had saved diligently for years only to see their savings and pensions destroyed? Who indeed feels comfortable buying any financial services product after the pensions and endowment mortgages miss-selling scandals of the '80s and '90s? In fact where were the brilliantly clever actuaries when the sales and marketing directors were reporting record sales of these products? Who registered concerns that perhaps it was not in the best interest of the nurse or redundant miner to switch their pensions or invest in an indemnity product? Indeed, how many corporate leaders from the financial world have been brought to account for this flagrant abuse of customer trust? Many it appears have been allowed to flourish whilst existing customers are expected to pick up the additional costs of repairing the damage and correcting the wrong.

Ask yourself whom do you truly admire and respect as a political leader? Nelson Mandela, perhaps? But ask yourself who is next on your list in today's world?

Who feels that Lord Falconer's persistent inability to ever apologise or offer his resignation over the Millennium Dome fiasco served politicians and their sense of integrity? For that matter, you can of course add Peter Mandelson who was also a major architect of what was clearly an abject failure and a massive waste and abuse of taxpayers' money. Yet both have gone onto far greater roles of power and significance. Lord Falconer after several other top government jobs now wields tremendous power as the current Lord Chancellor yet he has never stood for elected office. A man of undoubted ability but it seems a major element of his success is based on the patronage of his former legal colleague Tony Blair.

Who watched Michael Howard's infamous BBC interview with Jeremy Paxman and felt a sense of pride in the integrity and openness of politicians? Michael Howard, then Home Secretary was questioned on his alleged threat to the Head of the Prison Service. Paxman asked Howard the same simple and straightforward question 17 times, but Howard as a former barrister, still refused to provide a simple yes or no answer. Did he have a sense of shame as to how this might have reflected on his image or that of all politicians? It seems that politicians of all shades now adopt this behaviour. President Clinton is feted by millions as a great leader yet he clearly misled the America people about his behaviour during the Lewinski scandal- but it seems this is OK. Of course some people argue that political leaders are no different to the rest of us in committing indiscretions and that such behaviour is part of life. The real question is whether leaders who pronounce on others have an obligation to at least live up to a sense of honour.

Who warms to Jeremy Paxman's regular BBC Newsnight programme announcement that "whilst we extended an invitation to the Government to talk about this issue we were advised that no one was available to speak to us." Indeed, in the political world our leaders seldom venture out to meet the real public and engage on the real issues. Tony Blair was in shock during the last election when presented with the anger of a woman outside a hospital pleading for a better service for her cancer suffering husband. Equally, as leader he was caught off balance in a BBC television studio by a distraught mother challenging him over donor transplant provision? The fact is our leaders now choose to operate in environments that are very controlled; where people are selected for their ability to show respect and stay on message. It is said that Tony Blair will not be interviewed by the infamous BBC Today radio programme because of the tough and critical questioning stance they take on political issues. The very same sort of problem that perhaps was responsible for the Enron debacle – show respect and deference to authority and you get on, speak out and your career suffers or, in the world of political commentary, you won't get the right access or inside news. In effect it all amounts to the same thing, as a leader we can bully you into submission.

Even more disturbing for the corporate world is how we managed to get here after some 40-50 years of intensive leadership research, development and training. This book will set out some of the ideas of many foremost leadership gurus. You will read about motivating and aligning people and the creation of exciting visions. Couple their words and efforts with the enormous amounts of time and money that have been spent on leadership research and training in organizations. Contrast that with some of the examples we have discussed and ask whether all of this leadership effort has worked? What is it that is causing this disconnect between the reality of leadership in many organizations and what is preached elsewhere? This question poses major challenges for people who shape much of the leadership agenda in organizations. How do human resource and development practitioners see their roles in shaping the true quality of leadership in an organization or business? What is on the priority list of development needs and what exactly is being taught? On what basis are people selected for leadership roles? On present performance do we appear to be wasting our time with all this activity and investment? I recently read an article by a learning and development specialist at Shell extolling the virtues of their leadership development approach – he clearly failed to explain what leadership values had led his senior executives to lie about the value of their oil reserves. As ever it seems there is one rule for the corporate leaders and another for everyone else. Is it that the virtues advocated by many of our gurus are in truth extremely difficult to find? Or is it that we allow negative leadership behaviours to go unchallenged and unchecked? I am not proposing answers to these questions but I do think we need to start debating them as something appears to be going seriously wrong with the quality of leadership.

During the Enron and Wall Street scandals both *The Economist* and *BusinessWeek* magazines sought to address the leadership issue in depth. Yet both failed to address the ethical or character side of the problem. Indeed, in one edition *BusinessWeek* simply devoted a final paragraph to leadership after emphasising the mechanistic roles and responsibilities of the board, accountants, analysts and regulators. Any individual sense of what is essentially right and wrong did not seem to enter into the analysis. *The Economist* similarly understated the position as one of a failing in accounting standards and reporting. At the time of writing, a whole new global industry is being created around new standards of corporate governance. The Sarbanes-Oxley Act of 2002 in the United States has heralded in a new era of corporate and business transparency. Consultants and professional accountancy firms are earning millions in revenues as a result of responding to this new culture of 'corporate governance'. Professional codes of ethics and standards are being created at an enormous rate, yet little debate is being focused on the question of 'character'. It is as if a written code or directive will fix the problem of excessive ego and greed.

Tools and techniques versus character

Perhaps the real problem is that our focus on leadership is centred too much on tools and techniques. Perhaps this mechanistic approach is obscuring our view of what is really required. Whilst competency checklists, so much favoured by major human resource specialists as important perhaps the real focus and debate around leadership needs to shift to the fundamentals. Values such as honesty, integrity, openness, justice, fairness and accountability, require little definition. Yet they seem very remote and alien concepts to some of our leaders in the corporate and political worlds. As someone once said, truth is a matter of conscience not fact. When faced with difficulties too many of our corporate leaders seem to run to their personalised employment contracts and cling to lame excuses instead of accepting their fate with honour. One senior director in a major business recently said to me that he simply could no longer defend his Chairman's huge pay increase when the business had done so badly. One of our key leadership gurus is Warren Bennis and he has commented:

> *"The future has no shelf life. Future leaders will need a passion for continual learning, a refined, discerning ear for the moral and ethical consequences of their actions and an understanding of the purpose of work and human organizations."*

When contrasting this perspective with some of our 'bad' leadership examples we are left wondering what has happened to some of our leaders. Perhaps what we need in today's world, as Bennis suggests, are leaders who are more willing to use their conscience to serve their followers. But that presupposes that some of today's leaders have consciences! As the expression says – the fish rots from the head! The indications are that already the Enron scandal has resulted in a different accounting and reporting landscape but it will not solve the individual question of 'character?'.

Dr Reverend Martin Luther King once said:

> *"There comes a time in life when one must take a position that is neither safe, nor politic, nor popular, but he must take it because his conscience tells him it is right."*

This statement that will no doubt be reverberating down the empty halls of whatever was left of the Enron Corporation headquarters, and many audit firms and corporate boardrooms around the world today. Whilst the full scale of Enron's problems may still take time to unravel, in the end it will come down to a simple test of character, as it always does. Just as President Clinton needed to answer the question so will David Duncan of Andersen. Did you or did you not know that what you were doing was wrong? A simple 'yes' or 'no' answer is all that is required. Despite their brilliance many of our leaders find this question too complex to answer. Be warned, I fear we have not yet seen the worst. Remember some of the corporate leadership examples we have reflected on when you read some of our gurus. The message is clear; we would like a better quality of leader please!

POSTSCRIPT – AND SO IT CONTINUES!!!

As I draft the final stages of this book we are again witnessing in the UK the latest round of emerging leadership crises.

The Rover Car Group

As the Rover Car Company sinks into bankruptcy we discover that the management team of four, led by John Towers who rescued the business from failure some five years ago have managed to build a personal pension pot of some £16.5 million. When BMW originally decided to sell Rover to this management team it did so for the nominal sum of £10 added to which it provided a soft loan of £427 million. In the ensuing five years Rover struggled to build a successful business and has never made a profit. At the time of writing it sadly looks like the company is doomed and that thousands of workers will lose their jobs and pensions. Despite this the management team who appear to have risked very little at the outset of the venture stand to walk away with substantial financial gains. Against this seemingly ludicrous example of meritocracy and equity the government have announced an investigation into the affairs of the company. But whatever the result it is yet again the kind of story that gives corporate leadership an ugly name.

The British Army

For decades the British Army has prided itself on the training of its officer corps. Sandhurst Military Academy has enjoyed a worldwide reputation for growing the civilised officer – a just soldier who is guided by a clear moral code in the seemingly immoral theatre of war. We have been led to believe that in the British Army there was always a clear ethical code of what was deemed acceptable and unacceptable behaviour even in the impossible conditions that they are asked to perform. Yet the organisation is currently re-examining its entire leadership approach against a background of proven allegations of abuse in its treatment of new Army recruits and prisoners of war in Iraq. In both cases it seems that there has again been a loss of moral compass with regard to the duty of care exercised by officers over their soldiers and prisoners. The result has been to allow a culture of bullying, harassment and abuse to go unchecked. Again it seems that some leaders were lacking in character and as a result their negligence and behaviour has put a huge stain on what was generally regarded as a centre of excellence.

WorldCom – Update

In March 2005 Bernie Ebbers the former head of WorldCom was found guilty of leading an $11billion accounting fraud that resulted in the largest bankruptcy in US history. He now faces more than 20 years in prison when he is sentenced in June 2005.