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**The Four Ways of Being that Create the Foundation For  
Great Leadership, a Great Organization, and a  
Great Personal Life**

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## Abstract

In this paper we argue that the four ways of being that we identify as constituting the foundation for being a leader and the effective exercise of leadership are not only the foundation for great leadership, but also the foundation for an extraordinary organization and the foundation of a high quality personal life. One can also see this as a “value free” approach to values (values: “what ought to be”, as contrasted with “just the way things are”). This foundation is “value free” because each of the four elements of the foundation is a purely positive phenomenon (positive: just the way things are) that has no inherent normative content (nothing about what ought to be).

Each of the following is a positive phenomenon in that once formed each is nothing more and nothing less than the way things are.

1. *Authenticity*: Being and acting consistent with who you hold yourself out to be for others, and who you hold yourself to be for yourself.
2. *Being cause in the matter*: A declaration that is the personal stand you take on your relation to everything in your life (note that this is a declaration, not an assertion of fact).
3. *Being committed to something bigger than oneself*: Being committed to something bigger than your personal concerns for yourself (says nothing about what that commitment ought to be). And finally
4. *Being a man or woman, or organization of Integrity*: Your word to yourself and your word to others is whole and complete.

# The Four Ways of Being that Create the Foundation For Great Leadership, a Great Organization, and a Great Personal Life<sup>1</sup>

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<sup>1</sup> Background: This article is based on our leadership research program (conducted with Steve Zaffron, Kari Granger and Jeri Echeverria over the last ten years). That research is designed to discover what it actually takes to create leaders in the classroom – that is, to leave participants at the end of the course we have created being leaders and effectively exercising leadership as their natural self expression. The most recent full 1045 pages of the slide-deck textbook and other material used in our Leadership Course as delivered in June 2013 at entrepreneurship@UBC, University of British Columbia, Vancouver, Canada, is available at: <http://ssrn.com/abstract=1263835>

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## 1. INTRODUCTION

In this paper we argue that the four ways of being we identify as constituting the foundation for being a leader and the effective exercise of leadership are also the foundation for an extraordinary organization as well as the foundation of an extraordinary personal life.

We begin with a brief overview of each of these four ways of being before going into an expanded discussion of each.

### **A. The Four Ways of Being on Which Great Leadership, a Great Organization, and a Great Personal Life Are Built: Overview**

#### **1) Being Authentic:**

Being authentic is being and acting consistent with who you hold yourself out to be for others, and who you hold yourself to be for yourself. When leading, being authentic leaves you grounded, and able to be straight with others without the use of force.

#### **2) Being Cause In the Matter of Everything In Your Life:**

Being Cause in the Matter is a *stand* you take on yourself in relation to life – a stand is a declaration you make, not an assertion (not a statement of fact). Being Cause in the Matter is viewing life from, and acting from the stand “I am cause in the matter of everything in my life”. Being willing to view and deal with life from this perspective leaves you with power. You never deal with life from the perspective of a victim.

#### **3) Being Committed to Something Bigger than Oneself:**

Being committed to something bigger than oneself is the source of the serene passion (charisma) required to lead and to develop others as leaders, and the source of persistence (joy in the labor of) when the path gets tough.

#### **4) Being A Person or an Organization of Integrity:**

In our model, integrity for anything is the state of being whole, complete, unbroken,

sound, in perfect condition.<sup>2</sup> For a person and any other human entity (e.g., a human organization) integrity is a matter of that person's word or that organization's word being whole and complete – nothing more and nothing less. Integrity is required to create the maximum opportunity for performance, and quickly generates trust.

## **B. A Word About Values**

In our discussion here we are not concerned with values – that is, we are not concerned with what “ought to be”. Or said in another way, we are not concerned here with what is considered good as opposed to bad, or right as opposed to wrong. We advocate these four principles not because they are “right” or even righteous, but simply because they are in each individual's personal self-interest and in each organization's self-interest. One can also see this as a “value free” approach to values because each of the four elements of the foundation is a purely positive phenomenon that has no inherent normative content.<sup>3</sup> These insights into the actual nature and function of the four elements of the foundation for great leadership, great organizations, and a great personal life create workability, trust, peace, joy and private and social value. They provide a path for individuals, organizations and societies to realize much of what people generally think ethics and morality produce. And, if we look at the state of the world around us, obviously that latter path has not worked.

Quoting Harvard Professor Chris Argyris (1991) who (after 40 years of studying us human beings) says: “Put simply, people consistently act inconsistently, unaware of the

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<sup>2</sup> See Erhard, Jensen, and Zaffron (2009), “Integrity: A Positive Model that Incorporates the Normative Phenomena of Morality, Ethics and Legality” (March 23, 2009). Harvard Business School NOM Working Paper No. 06-11. Available at SSRN: <http://ssrn.com/abstract=920625>

<sup>3</sup> By “Positive” Model we mean a model that describes the way the world behaves, that is, the way it is, independent of any normative value judgments about its desirability or undesirability, and a model that is empirically testable (falsifiable in the Popperian sense (Popper (2002), *The Logic of Scientific Discovery*)). By “Normative” we mean establishing, relating to, or deriving from a standard or norm that specifies desirable or undesirable conduct or behavior, that is, what ought to be. See Keynes (1891, pp. 34-35 and 46), *The Scope and Method of Political Economy*, and Friedman (1996), “The Methodology of Positive Economics”.

contradiction between their espoused theory and their theory-in-use, between the way they think they are acting, and the way they really act.”<sup>4</sup>

And if you think this does not apply to you, you are fooling yourself about fooling yourself. Moreover, as we shall see, Argyris’s comments apply directly to the almost universal lack of authenticity and integrity among people and organizations.

## 2. The First Foundational Element: BEING AUTHENTIC

Being authentic is being and acting consistent with who you hold yourself out to be for others, and who you hold yourself to be for yourself.

Surprisingly, there is nothing authentic about any attempt to be authentic. Any attempt to be authentic on top of our inauthenticities is like putting cake frosting on cow dung, thinking that will make the cow dung go down well. In any case, the attempt to be authentic to cover over where we are inauthentic is a put-on and therefore inauthentic.

One cannot pretend to be authentic. That, by definition, is inauthentic. Remarkably, the only path to being authentic is *being authentic about one’s inauthenticities*. Being authentic is being willing to discover, confront, and tell the truth about your inauthenticities – where you are not being genuine or real. Specifically, being authentic is being willing to discover, confront, and tell the truth about where in your life you are not being or acting consistent with who you hold yourself out to be for others, or not being or acting consistent with who you hold yourself to be for yourself.

Most of us fool ourselves about being authentic. Most of us think of ourselves as being authentic; however, each of us is in certain ways consistently inauthentic, and each of us is in certain situations consistently inauthentic.

Some examples of our inauthenticities:

We as persons and in our organizations desperately want to be admired. For many, admiration is the most valuable coin of the realm. Almost none of us is willing to confront

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<sup>4</sup> Chris Argyris, 1991, “Teaching Smart People How to Learn”, *Harvard Business Review*.

just how much we want to be admired, and how readily we will fudge on being straightforward and completely honest in a situation where we perceive doing so threatens us with a loss of admiration. We will do almost anything to avoid the loss of admiration – stretch the truth, manipulate the facts, hide what might be embarrassing or unpleasant or even awkward and where required, plain outright lie. And if necessary to avoid the loss of admiration, we will manipulate situations and people.

In situations where being loyal is actually out-of-integrity, how ready we are to sacrifice integrity to maintain the pretense of loyalty, when the truth is that we are acting loyal only because we fear losing the admiration of our close colleagues, or subordinates, or bosses.

In addition, most of us have a pathetic need for “looking good” (and in certain situations this shows up as wanting to be liked), and almost none of us is willing to confront just how much we care about looking good – even to the extent of the silliness of pretending to have followed and understood something when we haven’t.

Each of us is inauthentic in certain ways. While this may sound like a description of this or that person you know, it actually describes each of us – including you the reader and each of us authors. We are all guilty of being small in these ways – it comes with being human.

If you cannot find the courage to be authentic about your inauthenticities, you can forget about being a great leader or having a great personal life. And an organization that cannot be authentic about its inauthenticities will experience great conflicts, costs, and inevitably loss of reputation.

Great leaders, great organizations, and those who lead great personal lives are noteworthy in having come to grips with these foibles of being human – not eliminating them, but being the master of these weaknesses.

Is being authentic important to being a leader? Quoting former Medtronic CEO and now Harvard Business School Professor of Leadership, Bill George (2003, p. 11): “After

years of studying leaders and their traits, I believe that leadership begins and ends with authenticity.”<sup>5</sup>

To be a leader and to have a great organization and to have a truly great personal life, you and your organization must be big enough to be authentic about your inauthenticities and your organization’s inauthenticities. This kind of bigness is a sign of power, and is so interpreted by others. Being a leader requires that you be absolutely authentic, and true authenticity begins with being authentic about your inauthenticities; and almost no one does this.

If you watch carefully in life, you will have the opportunity to catch yourself being small in these ways. While you won’t like seeing this, by distinguishing these weaknesses in yourself, you give yourself a powerful opportunity as a person, as an organization, and as a leader to be authentic by being authentic about your inauthenticities, and in the process to realize that you are actually bigger than these weaknesses.

### **The Actionable Access to Authenticity**

As we have said, the only path to authenticity is being authentic about your inauthenticities. In order to achieve this you must find in yourself that “self” that leaves you free to be authentic about your inauthenticities. **That “self”, the one required to be authentic about your inauthenticities, is who you authentically are.**

And you will know when this process is complete when you are free to be **publicly authentic** about your inauthenticities, and have experienced the freedom, courage, and peace of mind that comes from doing so. And this is especially so when you are authentic with those around you for whom those inauthenticities matter (and who are likely to be aware of them in any case).

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<sup>5</sup> George, Bill. 2003. *Authentic Leadership: Rediscovering the Secrets to Creating Lasting Value*. San Francisco: Jossey-Bass.



### 3. **The Second Foundational Element: BEING CAUSE IN THE MATTER**

By “Being Cause in the Matter” we mean being cause in the matter of everything in your life as a stand you take on yourself in relation to life – and acting from that stand. To take the stand that you are cause in the matter contrasts with it being your fault, or that you failed, or that you are to blame, or even that you did it.

It is **not true** that you are the cause of everything in your life. That you are the cause of everything in your life is a place to stand from which to view and deal with life – a place that exists solely as a matter of your choice. The **stand** that one is cause in the matter is a **declaration**, not an *assertion* of fact. It simply says: “You can count on me (and, I can count on me) to look at and deal with life from the perspective of my being cause in the matter.”

**Being cause in the matter means you give up the right to be a victim.** When you have taken the stand (declared) that you are cause in the matter of your life, it means that you give up the right to assign cause to the circumstances, or to others. That is you give up the right to be a victim. At the same time taking this stand does not prevent you from holding others responsible.

As we said, it is not *true* that you are the cause of everything in your life. Being cause in the matter does not mean that you are taking on the burden of, or being blamed for or praised for anything in the matter. And, taking the stand that you are cause in the matter does not mean that you won't fail.

However, when you have mastered this element of the foundation required for being a leader and exercising leadership effectively, you will experience a state change in effectiveness and power in dealing with the challenges of leadership and living a great personal life (not to mention the challenges of creating a great organization).

In taking the stand that you are the cause of everything in your life, you give up the right to blame others or the environment. In fact, you give up the right to blame the circumstances for anything that is going on with you or your organization.

#### **4. The Third Foundational Element: BEING COMMITTED TO SOMETHING BIGGER THAN ONESELF**

What we mean by “being committed to something bigger than oneself” is being committed in a way that shapes one’s being and actions so that your ways of being and acting are in the service of realizing something beyond your personal concerns for yourself – beyond a direct personal payoff. As they are acted on, such commitments create something **to which others can also be committed** and have the sense that their lives are about something bigger than themselves. This is an important aspect of a great **personal** life, great **leadership** and a great **organization**.

##### **A. Being Committed To Something Bigger than Oneself Is the Source of Passion.**

Without the passion that comes from being committed to something bigger than yourself, you are unlikely to persevere in the valley of tears that is an inevitable experience in the lives of all true leaders. Times when nothing goes right, there is no way, no help is available, nothing there except what you can do to find something in yourself – the strength to persevere in the face of impossible, insurmountable hurdles and barriers. And by the way, every great personal life includes having come to grips with one or more of these profound challenges.

When you are committed to something bigger than yourself and you reach down inside you will find the strength to continue (joy in the labor of).

##### **B. Example of a Valley of Tears That Almost Everyone Experiences: The Mid-Life Crisis.**

At some point in life we all stop measuring time from the beginning and start measuring it from the end. Our perspective shifts from how far have I come to how much time and opportunity do I have left?

No matter how good you look, no matter how good you've gotten your family to look, and no matter how much wealth, fame, power and position you have amassed, you will experience a profound lack of fulfillment – the incompleteness, emptiness and pain expressed by the common question:

### **Is This All There Is?**

Let us be clear: There is nothing inherently wrong with wealth, good looks, fame, power or position, but contrary to almost universal belief *they will never be enough*. And facing up to that leaves people and organizations disoriented, disturbed and lost. No matter how good you look or how much you have personally amassed, it will never be enough to avoid this crisis. Dealing with the crisis of “Is this all there is?” lies in having a commitment to the realization of a future (a cause) that leaves you with a passion for living.

This principle, being committed to something bigger than oneself, applies to corporate entities as well as to human beings. Value creation for both is the scorecard for success. **Value creation is not the source** of corporate or personal passion and energy. Being committed to something bigger than oneself **is the source** of that passion and energy. Every individual and every organization has the power to choose that commitment—there is no “right answer”. It is creating what lights up you and your organization.

The following two paragraphs from George Bernard Shaw — the first from his play “Man and Superman” (the epistle dedicatory to the play), and the second from a speech he gave in 1907 — vividly capture the power of being committed to something bigger than oneself:

This is the true joy in life, the being used for a purpose recognized by yourself as a mighty one, the being a force of nature instead of a feverish selfish little clod of ailments and grievances complaining that the world will not devote itself to making you happy.<sup>6</sup>

I am of the opinion that my life belongs to the whole community and as long as I live it is

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<sup>6</sup> This text appears (with different following verbiage) in George Bernard Shaw, British playwright and critic, "[Epistle Dedicatory](http://wist.info/shaw-george-bernard/6887/)" in his play, *Man and Superman*, See WIST <http://wist.info/shaw-george-bernard/6887/>

my privilege — my privilege to do for it whatever I can. I want to be thoroughly used up when I die, for the harder I work the more I love. I rejoice in life for its own sake. Life is no “brief candle” to me; it is a sort of splendid torch which I have got a hold of for the moment, and I want to make it burn as brightly as possible before handing it on to future generations.<sup>7</sup>

## 5. The Fourth Foundational Element: INTEGRITY – A POSITIVE MODEL

In our model of integrity, integrity is a purely positive phenomenon.

**Dictionary Definition:** In our model, we use only the first two of the dictionary’s<sup>8</sup> three definitions of integrity: *1. the quality or state of being complete; unbroken condition; wholeness; entirety - 2. the quality or state of being unimpaired; perfect condition; soundness - 3. the quality or state of being of sound moral principle; uprightness, honesty, and sincerity.* In short, we use the phrase “**whole and complete**” to represent those first two definitions.

Defined as stated in the first two of Webster’s definitions, integrity is a positive phenomenon, not a virtue. There is nothing inherently good or bad about being whole and complete, it is just the way something is or is not, i.e., it is simply a state of the world. (Below, we show how both morality and ethics are related to our definition of integrity.)

An object has integrity when it is whole and complete. Any diminution in whole and complete results in a diminution in workability. Think of a bicycle wheel with missing spokes; it is not whole and complete. It will become out-of-round, work less well and eventually stop working entirely. Likewise, a system has integrity when it is whole and complete.

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<sup>7</sup> George Bernard Shaw, speech at Municipal Technical College and School of Art, Brighton (1907). See WIST, <http://wist.info/shaw-george-bernard/6887/>

<sup>8</sup> Webster’s New World Dictionary (1998)

**The Law of Integrity** states:

As integrity (whole and complete) declines, workability declines, and as workability declines, value (or more generally, the opportunity for performance) declines. **Thus, the maximization of whatever performance measure you choose requires integrity.**

Attempting to violate the Law of Integrity generates painful consequences just as surely as attempting to violate the law of gravity. Put simply (and somewhat overstated): **“Without integrity nothing works”**. Think of this as a heuristic: If you or your organization operate in life as though this heuristic is true, performance will increase dramatically. And the impact on performance is huge: easily in the range of 100% to 500%.

**Integrity For A Person (or an Organization):**

In this positive model, integrity for a person is a matter of a **person’s word**, nothing more and nothing less. You are a man or woman of integrity, and enjoy the benefits thereof, **when your word is whole and complete**. Your word includes the speaking of your actions as in “actions speak louder than words”.

**Honoring Your Word:**

While keeping your word is fundamentally important in life, you will not be able to always keep your word (unless you are playing a small game in life). However, you can always honor your word.

**Integrity: Honoring Your Word:**

- 1 Is keeping your word OR:
- 2 Whenever you will not be keeping your word, just as soon as you become aware that you will not be keeping your word (including not keeping your word on time) saying to everyone impacted:
  - a. That you will not be keeping your word, and
  - b. That you will keep that word in the future, and by when, or that you won’t be keeping that word at all, and

- c. What you will do to deal with the impact on others of the failure to keep your word (or to keep it on time).

**Your Word Defined:**

**Word-1. What You Said:** Whatever you said you will do, or will not do (and in the case of do, doing it on time).

**Word-2. What You Know:** Whatever you know to do, or know not to do, and if it is do, doing it as you know it is meant to be done (and doing it on time), unless you have explicitly said to the contrary.

**Word-3. What Is Expected of You:** Whatever you are expected to do or not do – specifically, unexpressed requests of you – unless you have explicitly said you would not do it. (In the case of do, includes doing it on time.)

**Word-4. What You Say Is So:** Whenever you have given your word to others as to the existence of some thing or some state of the world, your word includes your being willing to be held accountable that the others would find your evidence makes what you have asserted valid for them.

**Word-5. What You Stand For:** Whether expressed in the form of a declaration made to one or more people, or to yourself, as well as what you hold yourself out to others as standing for (formally declared or not).

**Word-6. Morality, Ethics and Legality:** The *social moral standards*, the *group ethical standards* and the *governmental legal standards* of right and wrong behavior, good and bad behavior in the society, groups and state in which I enjoy the benefits of membership are also my word (what I am expected to do) *unless I have explicitly and publicly expressed my intention to not keep one or more of those standards*, and I willingly bear the costs of refusing to conform to these standards (the rules of the game I am in).

NOTE: The above six categories define *one's word*; they do not define *integrity*.

**A Sobering Thought:**

Why is it that almost everyone acts without integrity in one way or another, despite the huge costs it imposes on them? Everyone, including each and every reader of this piece, sees themselves as persons and organizations of integrity.

**The bad news:**

We can say with great confidence that no one (including us authors) is a person or organization completely in integrity. That self-satisfied view is one of the causes of the universal lack of integrity in the world. To repeat: the common belief that we have *made it* as people and organizations of integrity is one of the major factors contributing to the systemic world-wide lack of integrity.

Integrity is a “*mountain with no top*”, so we had better get used to climbing (in fact, grow to like the climbing). Even when people – and other human entities, such as banks, corporations, partnerships and other organizations – have some general awareness of the damaging effects of out-of-integrity behavior, for the most part they fail to notice their own out-of-integrity behavior. (We are not talking about lacking virtue; we mean not being good for their word.) As a result, they end up attributing the damage from their out-of-integrity behavior to other causes. They systematically believe that they are in integrity, or if by chance they are at the moment aware of being out of integrity, they believe that they will soon get back into integrity.

However, the combination of 1) generally not seeing our own out-of-integrity behavior, 2) believing that we are persons of integrity, and 3) even when we get a glimpse of our own out-of-integrity behavior, assuaging ourselves with the notion that we will soon restore ourselves to being a person of integrity, keeps us from seeing that in fact integrity is a mountain with no top. To be a person of integrity (or bank or other organization of integrity) requires that we recognize this and “learn to enjoy climbing”. Knowing that integrity is a mountain with no top, and being joyfully engaged in the climb, leaves us as individuals and organizations with power rather than being reduced to the use of coercion. It

also leaves us known by others as authentic, and as men or women of integrity (or organizations of integrity). While counterintuitive, owning up to any out-of-integrity behavior and dealing with it with “honor” actually leaves one showing up for others as a person of integrity. In addition, recognizing that we will never “get there” leaves us with a tolerance for seeing our own and others’ out-of-integrity behavior. This in turn leaves us with the ability to deal productively with our out-of-integrity behavior, as well as that of others.

### **A. The Costs of Dealing with an Object, Person, Group or Entity that Is Out Of Integrity**

Consider the experience of dealing with an object that lacks integrity. Say a car or bicycle or air conditioning system. When it is not whole, complete and unbroken (such as, a component is missing or malfunctioning, or the object is being used in an out-of-integrity manner) it becomes unreliable, unpredictable, and creates those characteristics in our lives. The car fails in traffic, we create a traffic jam, we are late for appointments, fail to perform, disappoint our partners, associates, and firms. In effect, the out-of-integrity car **creates** a lack of integrity in our life with all sorts of unworkability fallout. And this is true of **all** our associations with persons, or entities that are out of integrity. The effects are huge, but generally attributed to something other than the lack of integrity.

In the Appendix to Erhard and Jensen (2013)<sup>9</sup> we apply these principles to Goldman Sachs’ experience with its Abacus mortgage backed securities scandal in which Goldman violated 7 of its 13 “Goldman Sachs Business Principles” (Goldman’s word to its clients, employees and the world). A Goldman employee, Fabrice Tourre, was found guilty of defrauding investors.<sup>10</sup> In addition, Goldman paid a \$550 million fine to the SEC for its

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<sup>9</sup> Erhard, Werner and Jensen, Michael C., 2013. “Four Ways of Being that Create the Foundations of A Great Personal Life, Great Leadership and A Great Organization -- PDF File of Powerpoint Slides” (September 12, 2013). Harvard Business School NOM Unit Working Paper No. 13-078. Available at SSRN: <http://ssrn.com/abstract=2207782>

<sup>10</sup> Alloway, Tracy and Kara Scannell (2013). “Jury finds Tourre Defrauded Investors”, *Financial Times*, August 1. <http://www.ft.com/cms/s/0/18098490-f86a-11e2-b4c4-00144feabdc0.html#axzz2f5BKytNd>



actions surrounding its Abacus mortgage backed securities, a record at that time. Applying the principles laid out in this paper to Goldman's actions we conclude that: 1) Goldman was out of integrity because it did not honor its word: violating in part or in whole 7 of its 13 "Goldman Sachs Business Principles". 2) Goldman was inauthentic because it was not true to what it holds itself out to be for itself, its employees, its clients and the public. And 3) Goldman was not committed to something bigger than itself. (We could find nothing in Goldman's behavior indicating that it was committed to anything bigger than itself.)

## **B. A Picture of Integrity**

Consider what your life would be like, and what your performance would be, if it were true that:

You have done what you **said** you would do and you did it on time.

You have done what you **know** to do, you did it the way it was meant to be done, and you did it on time.

You have done what others would **expect** you to do (their unexpressed requests) even if you never said you would do it, and you did it on time, or you have informed them that you will not meet their expectations (unexpressed requests). And you have informed others of your expectations for them and have made explicit requests to those others.

And when you are **not going to follow one or more of the rules of any game that you are in**, you have informed all others of your intention to not follow those rules and you willingly bear the consequences of not doing so.

And whenever you realized that you were **not** going to do any of the foregoing, or not going to do it on time:

- You have said so to everyone who might be impacted, and you did so as soon as you realized that you would not be doing it, or would not be doing it on time, and if you were going to do it in the future you have said by when you would do it, and

- You have dealt with the consequences of your not doing it on time, or not doing it at all, for all those who are impacted by your not doing it on time, or not doing it at all.

In a sentence, you have done what you said you would do, or you have said you are not doing it; you have nothing hidden, you are truthful, forthright, straight and honest. And you have cleaned up any mess you have caused for those depending on your word.

**And Almost Unimaginable:** What if others operated in this way with you?

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