

FORTUNE

THE FOUR PILLARS OF MORAL LEADERSHIP

MASTERCARD CEO Ajay Banga remembers hearing Dov Seidman lecture at the World Economic Forum in Davos a few years ago. Seidman was one of the more unusual speakers on the agenda—thanks partly to the way he spoke, gliding easily from history to philosophy to the curious anthropology of Facebook. (Seidman holds a pair of master’s degrees from UCLA and Oxford as well as a law degree from Harvard.) But what made him truly stand out in the cacophony of CEO chatter was the topic of his remarks: “moral leadership.” His words were challenging, surprising, and inescapably relevant, Banga thought. Indeed, it was a topic the Fortune 500 CEO had wrestled with himself.

When Banga later sought Seidman out, the two soon found themselves rapt in conversation. They talked about the dangers of leading “in a vacuum,” Banga recalls. You may think “you can build a silo and run your company inside there and not worry about these currents and tides flowing just outside your boardroom,” he says. “But sooner or later the environment you’re working in will have an impact on you.” As for Seidman, his counsel, importantly, didn’t derive merely from philosophy books but also from his own business. He’s the founder and CEO of a 23-year-old tech company called LRN, which markets ethics and compliance software and content to corporations like Apple and Pfizer.

When I asked Aetna CEO Mark Bertolini and Unilever CEO Paul Polman the same question as Banga—“What is so unique about this corporate whisperer?”—both answered in much the same terms: Seidman, they said, has a rare ability to take the challenges that CEOs and other leaders face in their day-to-day roles and place them in a broader context of decision-making—one that brings into greater focus the real effects on coworkers, community, and the enterprise itself.

That seemed reason enough to invite him to offer Fortune readers a framework for how to lead today. Here, his four principles. — **Clifton Leaf**



Seidman (right) is interviewed by Fortune’s Alan Murray this past December at the Fortune + TIME Global Forum in Rome.

IN AN AGE WHERE THE RULES OF ENGAGEMENT SEEM EVER TO BE CHANGING, HERE ARE SOME GUIDING PRECEPTS THAT HAVE STOOD THE TEST OF TIME.

BY DOV SEIDMAN

THE ANIMATING SPIRIT OF BUSINESS has always been an ambition to do big things—to build something valuable, to solve a difficult problem, to provide a useful service, to explore the frontiers of human possibility.

At its essence, therefore, business is about human endeavor. And for humans to endeavor together, there must be an animating ethos and ethic of endeavor.

But it's getting harder for leaders to foster this ethos, and to lead through it on the way to doing big things. That's because they're trying to do so in a world that is not just rapidly changing, but in one that has been dramatically reshaped. And the world has been reshaped faster than we've been able to reshape ourselves, our institutions, and our models of leadership.

First, individuals around the world have gone from being merely connected a generation ago to globally interdependent today. The behavior of any one person can affect so many others, even those a continent away, as never before.

Second, technology is bringing strangers into intimate proximity at an accelerated pace, affording us richer experiences, but also demanding new levels of empathy and understanding. When the swipe of a smartphone can bring a traveler into our bed, a handyman into our home, and a stranger into our car, how we behave becomes more critical. Social media, likewise, has shrunk the distances between nations, between citizens and their governments, and between consumers and businesses everywhere. Any one of us, at any time, can amplify our sentiments with a tweet or post about who's good or bad—meting out sympathy and scorn, condemnation and redemption, to a potentially global audience.

Third, these same technologies are granting us MRI-like vision into the innermost workings of once-opaque organizations and even into the mindsets of their leaders.

The forces reshaping the world—interdependence, proximity, and forced transparency—have left us disoriented and morally unmoored, with few bulwarks to lean on. Trust has broken down—between citizens and elected officials, between business leaders and employees, between consumers and suppliers, between people with opposing opinions.

For executives who pride themselves on facing up to hard truths, here's one: No one is exempt from this moral crisis and its consequences. Leaders can't afford to dismiss it or to watch it unfold while privately thinking,

"It doesn't affect me and my business." The forces behind it are sweeping, indiscriminate, and unforgiving, and the time to reckon with them is now.

Only one kind of leadership can respond to this moral crisis of trust—and that's moral leadership. It doesn't come, however, from formal authority. You don't get it by winning an election, or being named the boss, or locking it up with supervoting shares. You can't buy or seize it. Moral leadership stems from an authority that must be earned every day.

How? It isn't easy. But in my years studying leadership in business, government, and other pursuits, I've found that the most authentic practitioners, at every level in their careers, follow certain principles. Here are four guideposts for building and sustaining moral authority.

1 MORAL LEADERS ARE DRIVEN BY PURPOSE.

True authority is formed when leaders pursue—and are seen by others to be pursuing—a worthy, valuable, and noble purpose connected to human progress or the betterment of the world. Purpose is about the fundamental nature of an organization's endeavor. The more worthwhile the endeavor, the more it elevates and can generate dedication, devotion, and hope. Above all, when leaders pursue their purpose in ways that are bigger than themselves, it creates the space for others to share in the mission. People who marry their own sense of purpose to a larger one are people others want to join.

Moral leaders see the path ahead as a journey and frame it explicitly as such for those whom they lead. In so doing, they leverage what journeys are about: focusing on the progress, not just on results and the bottom line. Journeys challenge us to be resilient and hopeful, because journeys are hard, long, and curvilinear. They go up and down, they zig and zag. Journeys force us to learn, adapt, and experiment—and to embrace and learn from mistakes and failures as we strive forward. The ability to do these things together, and to stick together when up or down, calls forth from us all that is moral. What makes it moral is how we journey—how we maintain hope, truth, and the will to find our way when we are lost.

2

MORAL LEADERS INSPIRE AND ELEVATE OTHERS.

Those with moral authority understand what they can demand of others and what they must inspire in them. Honesty, for example, can be demanded. But loyalty must be inspired. Moral leaders do not ask for personal loyalty. Just like we ask government leaders to take an oath and be loyal to the Constitution, by analogy, moral leaders ask people to be loyal not to them, but rather to the overall purpose and mission of the organization.

For these leaders, how they wield authority follows directly from how they view others. They don't see direct reports but fellow journeyers, animated by hopes and longings, struggles and dreams. Therefore, every decision is made with consideration of others' full humanity. And because they see that humanity in others, they're more inclusive and better able to listen to and learn from those whom they lead.

3

MORAL LEADERS ARE ANIMATED BY BOTH COURAGE AND PATIENCE.

Many leaders use their formal authority (their rank or position in the corporate hierarchy) to keep doing the next thing right. Moral leaders, instead, focus on doing the next right thing.

For a CEO or political leader to do the next right thing, it often takes more than intelligence and competence; it takes courage. It takes courage, for instance, to speak out for a principle or larger truth, especially when such an action has the potential to put that leader in an uncomfortable or vulnerable territory.

But courage isn't enough. Moral leaders also need patience. Think of patience as a way of extending trust to others by allowing them the time to be more thorough, rigorous and creative. Patience allows for reflection and the chance to consider the broader, longer-term outcomes of any action. While those with mere formal, or top-down, authority often feel captive to the moment and pressured to act, those with moral authority feel empowered—and, indeed are entrusted by others—to do the next right thing.



AJAY BANGA
CEO, Mastercard

"Dov has an ability to bring disparate points together and steer them all back to leadership."



MARK BERTOLINI
CEO, Aetna

"It's good to have somebody who tweaks you, and asks, 'How did you think about that action?'"



PAUL POLMAN
CEO, Unilever

"We need to create more of an awareness of the leadership skills needed in the 21st century."

Banga: Pau Barrena—Bloomberg via Getty Images; Bertolini: Simon Dawson—Bloomberg via Getty Images; Polman: Christophe Morin—Bloomberg via Getty Images

4

MORAL LEADERS KEEP BUILDING MUSCLE.

Authentic leaders don't stop learning and growing just because they've accumulated formal authority in an organization. They continue to build moral muscle—I call it "going to the moral gym"—by wrestling with questions of

right and wrong, fairness and justice, what serves others and what doesn't. Their wisdom comes from viewing the world through a lens that magnifies their own actions; their moral authority is enhanced when they frame issues by how their own actions impact the greater good.

This isn't about not making mistakes. We all make them. (A lot.) Rather, it's about what we do and say after those failures and shortcomings. It's about how authentically we apologize and make amends. Those with moral authority challenge themselves—and ask whether the mistake came from a deviation of principle or, perhaps, as the direct result of a misguided strategy. Moral leaders pause. They continually ask if what they're doing—or what their company or organization is doing—is compatible with their purpose and mission. Reflecting on their own actions and leadership in this way builds knowledge and wisdom that can be shared with their teams, helping others to see their own impact on the world around them.

This is all an important part of the shared journey. It makes the world better and wiser. And that's a worthy journey to be on.