

Decision Making And Problem Solving

The Discipline of Building Character

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We have all experienced, at one time or another, situations in which our professional responsibilities unexpectedly come into conflict with our deepest values. A budget crisis forces us to dismiss a loyal, hardworking employee. Our daughter has a piano recital on the same afternoon that our biggest client is scheduled to visit our office. At these times, we are caught in a conflict between right and right. And no matter which option we choose, we feel like we've come up short.

Managers respond to these situations in a variety of ways: some impulsively "go with their gut"; others talk it over with their friends, colleagues, or families; still others think back to what a mentor would do in similar circumstances. In every case, regardless of what path is chosen, these decisions taken cumulatively over many years form the very basis of an individual's character. For that reason, I call them *defining moments*.

What is the difference between a tough ethical decision and a defining moment? An ethical decision typically involves choosing between two options: one we know to be right and another we

ask us to step forward and, in the words of the American philosopher John Dewey, “form, reveal, and test” ourselves. We form our character in defining moments because we commit to irreversible courses of action that shape our personal and professional identities. We reveal something new about us to ourselves and others because defining moments uncover something that had been hidden or crystallize something that had been only partially known. And we test ourselves because we discover whether we will live up to our personal ideals or only pay them lip service.

As I have interviewed and studied business leaders, I have found that the ones who are most satisfied with the way they resolve their defining moments possess skills that are left off most job descriptions. Specifically, they are able to take time out from the chain of managerial tasks that consumes their time and undertake a process of probing self-inquiry—a process that is more often carried out on the run rather than in quiet seclusion. They are able to dig below the busy surface of their daily lives and refocus on their core values and principles. Once uncovered, those values and principles renew their sense of purpose at work and act as a springboard for shrewd, pragmatic, politically astute action. By repeating this process again and again throughout their work lives, these executives are able to craft an authentic and strong identity based on their own, rather than on someone else's, understanding of what is right. And in this way, they begin to make the transition from being a manager to becoming a leader.

But how can an executive trained in the practical, extroverted art of management learn to engage in such an intuitive, personal process of introspection? In this article, I will describe a series of down-to-earth questions that will help managers take time out

profound and flexible enough to embrace a wide range of contemporary right-versus-right decisions. By taking time out to engage in this process of self-inquiry, managers will by no means be conducting a fruitless exercise in escapism; rather, they will be getting a better handle on their most elusive, challenging, and essential business problems.

To become leaders, managers need to translate their personal values into calculated action.

In today's workplace, three kinds of defining moments are particularly common. The first type is largely an issue of personal identity. It raises the question, Who am I? The second type is organizational as well as personal: both the character of groups within an organization and the character of an individual manager are at stake. It raises the question, Who are we? The third type of defining moment is the most complex and involves defining a company's role in society. It raises the question, Who is the company? By learning to identify each of these three defining moments, managers will learn to navigate right-versus-right decisions with grace and strength.

Who am I? Defining Moments for Individuals

The most basic type of defining moment demands that managers resolve an urgent issue of personal identity that has serious implications for their careers. Two "rights" present themselves, each one representing a plausible and usually attractive life choice. And therein lies the problem: there is no one right answer; right is set against right.

we can ask, *What feelings and intuitions are coming into conflict in this situation?* As Aristotle discussed in his classic work *Ethics*, people's feelings can actually help them make sense of an issue, understand its basic dimensions, and indicate what the stakes really are. In other words, our feelings and intuitions are both a form of intelligence and a source of insight.

Consider, for example, the case of a young analyst—we will call him Steve Lewis—who worked for a well-known investment bank in Manhattan.¹ Early one morning, Lewis, an African-American, found a message on his desk asking if he could fly to St. Louis in two days to help with a presentation to an important prospective client. The message came as a surprise to him. Lewis's company had a clear policy against including analysts in presentations or client meetings. Lewis, in fact, knew little about the subject of the St. Louis meeting, which concerned a specialized area of municipal finance. He was especially surprised to learn that he had been selected over more senior people in the public finance group.

Lewis immediately walked down the hall into the office of his friend and mentor, also an African-American, and asked him if he knew about the situation. His friend, a partner at the company, replied, "Let me tell you what's happening, Steve. Look at you and me. What do we have in common? Did you know that the new state treasurer of Missouri is also black? I hate for you to be introduced to this side of the business so soon, but the state treasurer wants to see at least one black professional at the meeting or else the company has no chance of being named a manager for this deal."

What if at this point Lewis were to step back and reframe the situation in terms of his feelings and intuitions? On the one hand, Lewis believed firmly that in order to maintain his self-respect, he had to earn his advancement at the company—and elsewhere in life. He was not satisfied to move up the ladder of success based on affirmative action programs or being a “token” member of the company. For that reason, he had always wanted to demonstrate through his work that he deserved his position. On the other hand, as a former athlete, Lewis had always prided himself on being a team player and did not believe in letting his teammates down. By examining his feelings and intuitions about the situation, Lewis learned that the issue at hand was more complex than whether or not to go to the presentation. It involved a conflict between two of his most deeply held beliefs.

Deeply Rooted Values.

By framing defining moments in terms of our feelings and intuitions, we can remove the conflict from its business context and bring it to a more personal, and manageable, level. Then we can consider a second question to help resolve the conflict: *Which of the responsibilities and values that are in conflict are most deeply rooted in my life and in the communities I care about?*

Tracing the roots of our values means understanding their origins and evolution over time. It involves an effort to understand which values and commitments really mean the most to us.

Let’s apply that approach to the case of Steve Lewis. On the one hand, he had no doubt that he wanted to become a partner at a major investment bank and that he wanted to earn that position

had dreamed of, and neither the long hours nor the detailed “grunt” work that was the lot of first-year analysts gave him misgivings about his choice. He believed he was pursuing his own values by seeking a successful career at a Wall Street investment bank. It was the kind of life he wanted to live and the kind of work he enjoyed doing.

On the other hand, when Lewis considered his African-American background, he thought about what his parents had taught him. One episode from the early 1960s stood out in particular. His parents made a reservation at a restaurant that reputedly did not serve blacks. When they arrived, the hostess told them there had been a mistake. The reservation was lost, and they could not be seated. The restaurant was half empty. Lewis’s parents turned around and left. When they got home, his mother made a new reservation under her maiden name. (His father had been a popular local athlete, whose name was widely recognized.) The restaurant suspected nothing. When they returned an hour later, the hostess, though hardly overjoyed, proceeded to seat them.

Lewis was still moved by the memory of what his parents had done, even as he sat in his office on Wall Street many years later. With his parents’ example in mind, Lewis could begin to sense what seemed to be the best answer to his present dilemma. He would look at the situation as his parents’ son. He would view it as an African-American, not as just another young investment banker. Lewis decided that he could not go to the meeting as the “token black.” To do so would repudiate his parents’ example. He decided, in effect, that his race was a vital part of his moral identity, one with a deeper and stronger relation to his core self than the professional role he had recently assumed.

personal cause and suffer serious personal and career setbacks. As the Renaissance philosopher Niccolò Machiavelli and other ethical pragmatists remind us, idealism untempered by realism often does little to improve the world. Hence, the next critical question becomes, *What combination of shrewdness and expediency, coupled with imagination and boldness, will help me implement my personal understanding of what is right?* This is, of course, a different question altogether from What should I do? It acknowledges that the business world is a bottom-line, rough-and-tumble arena where introspection alone won't get the job done. The process of looking inward must culminate in concrete action characterized by tenacity, persuasiveness, shrewdness, and self-confidence.

Self-inquiry must lead to shrewd, persuasive, and self-confident action if it is to be an effective tool.

How did Lewis combine idealism with realism? He decided that he would join the presentation team, but he also gambled that he could do so on terms that were at least acceptable to him. He told the partner in charge, Bruce Anderson, that he felt honored to be asked to participate but added that he wanted to play a role in the presentation. He said he was willing to spend every minute of the next 30 hours in preparation. When Anderson asked why, Lewis said only that he wanted to earn his place on the team. Anderson reluctantly agreed. There was, it turned out, a minor element of the presentation that required the application of some basic analytical techniques with which Lewis was familiar. Lewis

had invested in the project. Nevertheless, his portion of the presentation went well, and he received praise from his colleagues for the work he had done.

On balance, Lewis had soundly defined the dilemma he faced and had taken an active role in solving it—he did not attend the meeting as a showpiece. At the same time, he may have strengthened his career prospects. He felt he had passed a minor test, a rite of passage at his company, and had demonstrated not only that he was willing to do what it took to get the job done but also that he would not be treated as a token member of the group. The white analysts and associates who were passed over probably grumbled a bit; but Lewis suspected that, if they had been dealt his hand, they would have played their cards as he did.



A Guide to Defining Moments

Who Are We? Defining Moments for Work Groups

As managers move up in an organization, defining moments become more difficult to resolve. In addition to looking at the situation as a conflict between two personal beliefs, managers must add another dimension: the values of their work group and their responsibilities to the people they manage. How, for example, should a manager respond to an employee who repeatedly shows up for work with the smell of alcohol on his breath? How should a manager respond to one employee who has made sexually suggestive remarks to another? In this type of defining moment, the problem and its resolution unfold not only as a personal drama within one's self but also as a drama among a

Points of view.

Many managers suffer from a kind of ethical myopia, believing that their entire group views a situation through the same lens that they do. This way of thinking rarely succeeds in bringing people together to accomplish common goals. Differences in upbringing, religion, ethnicity, and education make it difficult for any two people to view a situation similarly—let alone an entire group of people. The ethical challenge for a manager is not to impose his or her understanding of what is right on the group but to understand how other members view the dilemma. The manager must ask, *What are the other strong, persuasive interpretations of the ethics of this situation?*

A classic example of this kind of problem involved a 35-year-old manager, Peter Adario. Adario headed the marketing department of Sayer Microworld, a distributor of computer products. He was married and had three children. He had spent most of his career as a successful salesman and branch manager, and he eagerly accepted his present position because of its varied challenges. Three senior managers reporting to Adario supervised the other 50 employees in the marketing department, and Adario in turn reported to one of four vice presidents at corporate headquarters.

Adario had recently hired an account manager, Kathryn McNeil, who was a single mother. Although she was highly qualified and competent, McNeil was having a hard time keeping up with her work because of the time she needed to spend with her son. The pace at work was demanding: the company was in the middle of finishing a merger, and 60-hour work weeks had become the norm. McNeil was also having difficulty getting along with her supervisor, Lisa Walters, a midlevel manager in the department

attention to Walters' concerns until the morning he found a handwritten note from her on top of his pile of unfinished paperwork. It was her second note to him in as many weeks. Both notes complained about McNeil's hours and requested that she be fired.

Managers need to determine if their ethical vision will be supported by their coworkers and employees.

For Adario, who was himself a father and sympathetic to McNeil's plight, the situation was clearly a defining moment, pitting his belief that his employees needed time with their families against his duty to the department's bottom line. Adario decided to set up a meeting. He was confident that if he sat down with the two women the issue could somehow be resolved. Shortly before the meeting was to begin, however, Adario was stunned to learn that Walters had gone over his head and discussed the issue with one of the company's senior executives. The two then had gone to McNeil's office and had fired her. A colleague later told him that McNeil had been given four hours to pack her things and leave the premises.

Where Adario saw right versus right, Walters saw right versus wrong. She believed that the basic ethical issue was McNeil's irresponsibility in not pulling her weight and Adario's lack of action on the issue. McNeil's customer account was crucial, and it was falling behind schedule during a period of near-crisis at the company. Walters also believed that it was unfair for one member of the badly overburdened team to receive special treatment. In

engaged in a difficult contest of interpretations.

Influencing Behavior.

Identifying competing interpretations, of course, is only part of the battle. Managers also need to take a hard look at the organization in which they work and make a realistic assessment of whose interpretation will win out in the end. A number of factors can determine which interpretation will prevail: company culture, group norms, corporate goals and company policy, and the inevitable political jockeying and battling inside organizations. In the words of the American philosopher William James, “The final victorious way of looking at things will be the most completely impressive to the normal run of minds.” Therefore, managers need to ask themselves, *What point of view is most likely to win the contest of interpretations and influence the thinking and behavior of other people?*

Peter Adario would have benefited from mulling over this question. If he had done so, he might have seen the issue in terms of a larger work-family issue within the company. For Adario and McNeil, the demands of work and family meant constant fatigue, a sense of being pulled in a thousand directions, and the frustration of never catching up on all they had to do. To the other employees at Sayer Microworld, most of whom were young and not yet parents, the work-family conflict meant that they sometimes had to work longer hours because other employees had families to attend to. Given the heavy workloads they were carrying, these single employees had little sympathy for Adario’s family-oriented values.

part of a larger process that, like any other, needs to be managed. Effective managers put into place the conditions for the successful resolution of defining moments long before those moments actually present themselves. For in the words of William James, “The truth of an idea is not a stagnant property inherent in it. Truth happens to an idea. It becomes true, is made true by events. Its verity is in fact an event, a process.” Managers can start creating the conditions for a particular interpretation to prevail by asking, *Have I orchestrated a process that can make my interpretation win in my group?*

Adario missed subtle signals that a process opposed to his own had been under way for some time. Recall that Walters had sent Adario two notes, each suggesting that McNeil be replaced. What were those notes actually about? Were they tentative announcements of Walters’s plans or tests of Adario’s authority? And what did Walters make of Adario’s failure to respond? She apparently interpreted his reaction—or lack thereof—as an indication that he would not stand in the way of firing McNeil. Walters may even have thought that Adario wanted McNeil fired but was unwilling to do it himself. In short, Adario’s defining moment had gone badly because Walters presented a compelling story to the company’s top management; she thereby preempted Adario and filled the vacuum that he had created through his inaction.

Instead of waiting for the issue of work versus family to arise and take the group by surprise, Adario could have anticipated the problem and taken a proactive approach to defining a work culture that valued both family and work. Adario had ample opportunity to prevent the final turn of events from occurring. He

get to know McNeil personally, even to meet her son, so that they would understand and appreciate what she was accomplishing.

Playing to Win.

One of the hallmarks of a defining moment is that there is a lot at stake for all the players in the drama. More often than not, the players will put their own interests first. In this type of business setting, neither the most well-meaning intentions nor the best-designed process will get the job done. Managers must be ready to roll up their sleeves and dive into the organizational fray, putting to use appropriate and effective tactics that will make their vision a reality. They need to reflect on the question, *Am I just playing along or am I playing to win?*

At Sayer Microworld, the contest of interpretations between Walters and Adario was clearly part of a larger power struggle. If Walters didn't have her eye on Adario's job before McNeil was fired, she probably did afterward: top management seemed to like her take-charge style. Whereas Adario was lobbying underhand softball pitches, Walters was playing hardball. At Sayer Microworld, do-the-right-thing idealism without organizational savvy was the sure path to obscurity. Adario's heart was in the right place when he hired McNeil. He believed she could do the job, he admired her courage, and he wanted to create a workplace in which she could flourish. But his praiseworthy intentions needed to be backed by a knack for maneuvering, shrewdness, and political savvy. Instead, Walters seized the moment. She timed her moves carefully and found a powerful ally in the senior manager who helped her carry out her plan.

Although Adario stumbled, it is worth noting that this defining moment taught him a great deal. In following up on McNeil's firing, Adario learned through the grapevine that many other employees shared his view of the work-family dilemma, and he began acting with more confidence than he had before. He told his boss that he disagreed with the decision to fire McNeil and objected strongly to the way the decision had been made. He then told Walters that her behavior would be noted in the next performance review he put in her file. Neither Walters nor the vice president said very much in response, and the issue never came up again. Adario had staked his claim, albeit belatedly. He had learned, in the words of Machiavelli, that "a man who has no position in society cannot even get a dog to bark at him."

Who Is the Company? Defining Moments for Executives

To succeed, top-level executives must negotiate their ethical vision with shareholders, customers, and employees.

Redefining the direction of one's own life and the direction of one's work group requires a thoughtful blend of personal introspection and calculated action. But the men and women charged with running entire companies sometimes face an even more complex type of defining moment. They are asked to make manifest their understanding of what is right on a large stage—one that can include labor unions, the media, shareholders, and many other company stakeholders. Consider the complexity of

children are being treated unfairly in the company's foreign plant. These types of decisions force top-level managers to commit not just themselves or their work groups but their entire company to an irreversible course of action.

Personal and Organizational Strength.

In the face of such overwhelming decisions, executives typically call meetings, start negotiations, and hire consultants and lawyers. Although these steps can be helpful, they can prove disappointing unless executives have taken the time, and the necessary steps, to carve out a powerful position for themselves in the debate. From a position of strength, leaders can bring forth their vision of what is right in a situation; from a position of weakness, leaders' actions are hollow and desperate. Also, before CEOs can step forth onto society's broad stage with a personal vision, they must make sure that their actions will not jeopardize the well-being of their companies, the jobs of employees, and the net income of shareholders. That means asking, *Have I done all I can to secure my position and the strength and stability of my organization?*

In 1988, Eduoard Sakiz, CEO of Roussel Uclaf, a French pharmaceutical company, faced a defining moment of this magnitude. Sakiz had to decide whether to market the new drug RU-486, which later came to be known as the French abortion pill. Early tests had shown that the drug was 90% to 95% effective in inducing miscarriages during the first five weeks of a woman's pregnancy. As he considered whether to introduce the drug, Sakiz found himself embroiled in a major international controversy. Antiabortion groups were outraged that the drug was even under consideration. Pro-choice groups believed the drug represented a

licenses if the drug were introduced. To the French government, also a part owner of Roussel Uclaf, RU-486 meant a step forward in its attempts to cut back on back-alley abortions.

There is little doubt that at one level, the decision Sakiz faced was a personal defining moment. He was a physician with a long-standing commitment to RU-486. Earlier in his career while working as a medical researcher, Sakiz had helped develop the chemical compound that the drug was based on. He believed strongly that the drug could help thousands of women, particularly those in poor countries, avoid injury or death from botched abortions. Because he doubted that the drug would make it to market if he were not running the company, Sakiz knew he would have to secure his own position.

At another level, Sakiz had a responsibility to protect the jobs and security of his employees. He understood this to mean taking whatever steps he could to avoid painful boycotts and the risk of violence against the company. His decision was complicated by the fact that some employees were passionately committed to RU-486, whereas others opposed the drug on ethical grounds or feared that the protests and boycotts would harm Roussel Uclaf and its other products.

How could Sakiz protect his own interests and those of his employees and still introduce the drug? Whatever path he chose, he could see that he would have to assume a low public profile. It would be foolish to play the courageous lion and charge forth pronouncing the moral necessity of RU-486. There were simply

The Role of the Organization in Society.

What makes this third type of defining moment so difficult is that executives are asked to form, reveal, and test not only themselves and their work groups but also their entire company and its role in society. That requires forging a plan of action that functions at three levels: the individual, the work group, and society at large. In which areas do we want to lead? In which areas do we want to follow? How should we interact with the government? With shareholders? Leaders must ask themselves, *Have I thought creatively, boldly, and imaginatively about my organization's role in society and its relationship to its stakeholders?*

Astute executives can use defining moments as an opportunity to redefine their company's role in society.

What role did Sakiz want Roussel Uclaf to play? He certainly did not want to take the easy way out. Sakiz could have pleased his boss in Germany and avoided years of controversy and boycotts by withdrawing entirely from the market for contraceptives and other reproductive drugs. (Nearly all U.S. drug companies have adopted that approach.) Sakiz could have defined Roussel Uclaf's social role in standard terms—as the property of its shareholders—and argued that RU-486 had to be shelved because boycotts against Roussel Uclaf and Hoechst were likely to cost far more than the drug would earn.

political activism. That approach resonated with Sakiz's own core values and with what he thought the majority of employees and other stakeholders wanted. It was clear to him that he needed to find a way to introduce the drug onto the market. The only question was how.

From Vision to Reality.

To make their ethical visions a reality, top-level executives must assess their opponents and allies very carefully. What allies do I have inside and outside my company? Which parties will resist or fight my efforts? Have I underestimated their power and tactical skill or overestimated their ethical commitment? Whom will I alienate with my decision? Which parties will retaliate and how? These tactical concerns can be summed up in the question, *What combination of shrewdness, creativity, and tenacity will make my vision a reality?* Machiavelli put it more succinctly: "Should I play the lion or the fox?"

Although we may never know exactly what went through Sakiz's mind, we can infer from his actions that he had no interest in playing the lion. On October 21, 1988, a month after the French government approved RU-486, Sakiz and the executive committee of Roussel Uclaf made their decision. The *New York Times* described the events in this way: "At an October 21 meeting, Sakiz surprised members of the management committee by calling for a discussion of RU-486. There, in Roussel Uclaf's ultra-modern boardroom, the pill's long-standing opponents repeated their objections: RU-486 could spark a painful boycott, it was hurting employee morale, management was devoting too much of its time to this controversy. Finally, it would never be hugely profitable because much would be sold on a cost basis to the Third

The company informed its employees of the decision on October 25. The next day, Roussel Uclaf announced publicly that it was suspending distribution of the drug because of pressure from anti-abortion groups. A Roussel Uclaf official explained the decision: “The pressure groups in the United States are very powerful, maybe even more so than in France.”

The company’s decision and Sakiz’s role in it sparked astonishment and anger. The company and its leadership, critics charged, had doomed a promising public-health tool and had set an example of cowardice. Sakiz’s colleague and friend, Etienne-Emile Baluieu, whose research had been crucial to developing RU-486, called the decision “morally scandalous” and accused Sakiz of caving in to pressure. Women’s groups, family-planning advocates, and physicians in the United States and Europe came down hard on Sakiz’s decision. Other critics suggested sarcastically that the company’s decision was no surprise because Roussel Uclaf had decided not to produce contraceptive pills in the face of controversy during the 1960s.

Three days after Roussel Uclaf announced that it would suspend distribution, the French minister of health summoned the company’s vice chairman to his office and said that if the company did not resume distribution, the government would transfer the patent to another company that would. After the meeting with the minister of health, Roussel Uclaf again stunned the public: it announced the reversal of its initial decision. The company would distribute RU-486 after all.

events that helped achieve his ends, without looking like he was leading the way. In fact, it appeared as if he were giving in to outside pressure.

Sakiz had put into place the three principal components of the third type of defining moment. First, he had secured his own future at the company. The French health ministry, which supported Sakiz, might well have been aggravated if Hoechst had appointed another CEO in Sakiz's place; it could then have retaliated against the German company in a number of ways. In addition, by having the French government participate in the decision, Sakiz was able to deflect some of the controversy about introducing the drug away from the company, protecting employees and the bottom line. Finally, Sakiz had put Roussel Uclaf in a role of technological and social leadership within French, and even international, circles.

A Bow with Great Tension

As we have moved from Steve Lewis to Peter Adario to Eduoard Sakiz, we have progressed through increasingly complex, but similar, challenges. These managers engaged in difficult acts of self-inquiry that led them to take calculated action based on their personal understanding of what was right in the given situation.

But the three met with varying degrees of success. Steve Lewis was able to balance his personal values and the realities of the business world. The result was ethically informed action that advanced his career. Peter Adario had a sound understanding of his personal values but failed to adapt them to the realities he faced in the competitive work environment at Sayer Microworld. As a result, he failed to prevent McNeil's firing and put his own

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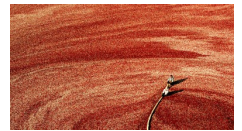
The nineteenth-century German philosopher Friedrich Nietzsche once wrote, “I believe it is precisely through the presence of opposites and the feelings they occasion that the great man—the bow with great tension—develops.” Defining moments bring those “opposites” and “feelings” together into vivid focus. They force us to find a balance between our hearts in all their idealism and our jobs in all their messy reality. Defining moments then are not merely intellectual exercises; they are opportunities for inspired action and personal growth.

1. The names in the accounts of Steve Lewis and Peter Adario have been changed to protect the privacy of the principals involved.

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