

**ESADE**

# What 21st Century leaders can learn from 16th century jesuits

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Academic Session  
ESADE • Barcelona  
15th November 2006



In a university context the world over, it is not unusual to find preferential treatment given to the study of certain subjects that stand out for their importance or for their public interest. In these cases, one of the preferred options is the establishment of a chair, understood to represent a unit of academic excellence.

The ESADE Chair in LeadershipS and Democratic Governance proposes developing a programme to explore the questions put forward on this subject. The Chair is intended to promote a permanent forum for dialogue between organisations (companies, administrations, NGOs) and actors (entrepreneurs, directors, political, social, civil and union representatives, etc.), currently committed to addressing the challenges of governing a world that is at once global and local. It also aims to deal with the challenge of studying and promoting innovative forms of leadership suitable for today's complex environments.

The Chair's promoters are:



# Conference



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### Who are our leaders?

I would like you to join me in considering this question by participating in a little thought experiment. Please take a moment to think of the names of two or three living leaders.....I suspect that if I polled the audience, I might hear of President xxx perhaps even George Bush?! But I wonder how many of you thought of your own name. I suspect virtually no one. Why not? The answer might have something to do with modesty, a laudable virtue: it might strike you as unseemly braggadocio to proclaim yourself a leader. Well, I'm here to suggest that the very first persons we each should consider leaders are ourselves. We live within a popular culture, transmitted through the mass media, that force feeds us a demoralizing, disempowering notion that leaders are those who are in charge—presidents, generals, bishops, CEOs and the like—leadership in this stereotypical notion is equated with having subordinates, being on television, having money, or having power and exerting it. That notion of leadership is not the solution, it's the problem.

### And what do effective leaders do to motivate those around them?

Let's make this phase two of the thought experiment, and think informally of qualities, behaviors, or attitudes you would expect to find in an effective leader.....Again, if we polled the room I know we would assemble a rich list of qualities, and I have no doubt that anyone who embodied the traits captured in the collective wisdom of this room would lead well. Your lists probably include words like decisiveness, courage, bold decisions, sweeping change, vision, honor, and so on. But I wonder how many enunciated anything like this idea ventured by a man who himself compiled unimpeachable credentials as a leader. His simple, succinct vision: "You must love those you lead before you can be an effective leader."

The leader I just quoted was General Eric K. Shinseki, recently retired U.S. Army Chief of Staff, the highest ranking military officer in the United States. When

America's commanding warrior retired in mid-2003, his retirement speech included that simple statement I quoted, "You must love those you lead before you can be an effective leader."

Sentiment like that may seem a bit remarkable and even out of place among the macho, towel-snapping military class. Or is it? I suspect that a general makes wiser choices when he loves those he must place in harm's way, and I suspect that soldiers perform more effectively when confident that they are loved and valued by those tasked with the awful burden of sending them to face possible death.

So, who is a leader...and how are leaders leading? The message I want to convey this morning is that we're *all* leading, well or poorly, all the time, by virtue of the values that we're role modeling. And our way of leading—our claim to leadership—is not our status or hierarchical position on an organization chart, but who we are and those values we choose to role model—like love in the case of General Shinseki, whom I just quoted.

This definition of leadership certainly may run counter to our culture stereotypes—witness the thought experiment we all participated in earlier—but such a definition is neither gimmickry, a fad, nor something I've made up. Consider one informal definition of being a leader that has some currency among academics working in the business arena—the Harvard Business School professor John Kotter, defines a leader as one who 1) sets out a vision of the future, 2) aligns others around that vision, and 3) helps them past the inevitable obstacles that stand in the way of attaining it. One of the dictionary definitions of leadership is quite similar, the act of pointing out a way, direction, or goal and influencing others toward it.

Everyone in this room is doing that all the time. You are pointing out a way or a direction for your friends and neighbors by how you treat those you work with



or for, those you meet, how you prioritize your time, and so on—in other words, you are leading. Many of you are parents: can there be any more obvious act of pointing out a way and influencing others than the leadership that you are showing with your children every day?

Though all of us are leading, many of us are doing so only ‘subconsciously.’ All of us have absorbed certain values...through our upbringing, our culture, our religion. You may always work hard, deliver on what you promise, treat others fairly, be considerate to strangers. But you may never have explicitly named these ‘habits’ as specific virtues and values that characterize your way of living and leading. Many of you in your families and workplaces are role-modeling exactly the kind of love that General Shinseki spoke about. But you may not have called the habitual way in which you treat others ‘love,’ and

you may not have explicitly considered this virtue part of an overall leadership project that is your life. To realize our full leadership potential, we need to get more explicit—more conscious, more purposeful—about ourselves as leaders, what kind of leaders we want to be, and how we will project that in our families, workplaces, and the other arenas in which we interact. Everything we know about researching corporate America is that one of the factors that best predicts how well people will do is simply that they know what they want to achieve—you make the strongest leadership impact when you know what impact you want to make.

In my talk I now plan to set out a leadership style based on the example of a rather unlikely company. There are many smart business people in this audience. Which of you would like to join a company like the one I will now describe:

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Imagine ten smart but unfocused men who want to start a company, but seem to go about it in a rather odd way. They are ricocheting around every kind of work from retail street preaching to hospital orderly work to university-level lectures. They had no corporate name; no business plan; no capital. The one who was supposedly in charge of this start up was not only past normal retirement age, but had already outlived the average lifespan of a sixteenth-century European; he had no management experience and virtually nothing else on his resume but a good academic degree, a multiple arrest record, and a couple of jail terms.

### **Well, what odds would you give them of surviving?**

Yet the company I just described not only survived but thrived. For I just described the Jesuits in the 1530s, as they were getting their company ready for launch. This year the Jesuits approach their 466th birthday...why that's even older than Telefonica and Cortes Ingles Today there are roughly 20,000 Jesuits working in over 100 countries. My book calls them the company that changed the world, and that is a very easy claim to back up: you may have put the date for this event on a calendar, and the calendar you used was implemented according to the recommendation of a Jesuit. While I'm talking, children in Vietnam are in school learning to write in an alphabet that was developed by a Jesuit, and further north in Asia soldiers are patrolling a Russian-Chinese border negotiated in part by, Jesuits. On the other hand, these Jesuits also boast the unique distinction of getting themselves completely disbanded by the pope, yet somehow resurrecting themselves 40 years later. Just think of the parallels today: what if the xxxx company went bankrupt tomorrow. What are the odds that in 2044 some wizened old geriatric crew of ex-ers would meet on the street and say, 'hey, let's resurrect the old band' Impossible, of course, yet somehow Jesuits pulled off exactly this feat.

How did they succeed so spectacularly, and what can we learn from them? These are the kinds of questions I wanted to explore in my book, looking at the Jesuits more from what might be called a corporate perspective than from my own experience as a Jesuit.

As you've heard, I was fortunate enough to work in Asia, Europe, and the U.S. for JP Morgan & Co. for some seventeen years. Before that I was a Jesuit seminarian for seven years. As you well know, Jesuits like all members of Catholic religious orders, take vows of poverty, chastity, and obedience, and you can guess which of those three proved daunting enough to prompt my departure. I could put it this way: I struggled successfully to live as a celibate for seven years; since then, I've been struggling not to be a celibate. You may conclude from this that I wrote the book as a cheaper way to figure out my life than going into therapy. But in fact, what most intrigued me was not the very obvious differences in mission between the Jesuit order and an investment bank, but the underlying similarities: all human organizations, and all individuals in organizations, have to do the same things: motivate self and others, establish goals, sell ideas convincingly to others. And it struck me that these sixteenth and seventeenth century priests did these things in ways that were frequently a lot more effective than the ways we do those things today.

My punch line: that vastly more important to personal and corporate happiness and success than the plan or capital the early Jesuits so obviously lacked was what they did possess—a unique approach to life and work that looks like what we in the modern era call personal leadership.

Now let me begin to develop that Jesuit leadership style by telling a bit of a story about the Jesuits, one that very much touches your own history here in Spain.





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When the ten Jesuit founders, that disorganized crowd that I was profiling earlier, were getting their company started in the 1540s, even though they had no business plan and no very clear idea of the kind of work they would do, they did have a very clear idea of the kind of person they wanted to recruit to join them. One Jesuit had his own little recruiting slogan of sorts, saying that the Jesuit company needed, *quamplurimi et quam aptissimi*, or in English, as many as possible of the very best. And the start of the Jesuit school system—including eventually your school right here in Rio—was the result of no master plan to build a global higher education empire, but almost completely an accidental outgrowth of this recruiting vision.

For in the early 1500s when the Jesuits were starting, public education was virtually unavailable; perhaps only 1% of Europeans enjoyed the great blessing that many in this room have had of achieving a higher

education; you might reflect, incidentally, on how blessed you are to be born at this time in this place, where educational opportunity is so much more widespread. Even today, even in this country, we all know that there are children who have no more chance of getting themselves educated than I have of going to the moon on a rocket ship. The Jesuit founders, therefore, could not find enough recruits who were well enough educated to be ‘*aptissimi*,’ the very best. So the Jesuits opened a school or two to educate their own recruits studying to be priests; soon after, however, local towns and princes noticed that these Jesuit schools were of far higher quality than anything else available in their regions, so they asked the Jesuits to begin accepting lay students into their schools. It wasn’t long before Jesuits were opening schools not just for seminarians studying to become Jesuit priests, but also for those who would become government workers, teachers, performing artists, and business persons. Though the focus of



their system changed dramatically, its core ambition did not: these were still places where the aptissimi—the very best—were to be molded.

And, of course, that school system succeeded in molding aptissimi as no other privately organized network has in human history. Jesuits administer what remains the largest privately organized system of higher education in the world. Jesuits have educated within the past generation alone, former or current presidents in the US, Mexico, Canada, Philippines, France, Japan, Peru, Nicaragua, and who knows how many other countries. You today are living proof that this Jesuit educational model still works; the students who study here are realizing that sixteenth-century dream that if only they are given the right opportunities, guidance, and resources, talented young persons are capable of turning themselves into aptissimi.

Now what does it mean to be aptissimi? If we asked people on the street, they would tell us that to be the very best, aptissimi, means to be rich, to be famous, to have many houses, and so on. But this Jesuit vision of what it means to be aptissimi, or let's say to be a leader, is very different. As I look at the Jesuit history, their letters, and their rules, it was clear to me that Jesuits instilled such capabilities through a four-pillared vision that governed their way of working as individuals and in teams:

1. Self-awareness
2. Ingenuity
3. Heroism
4. Love

Self-awareness Leaders understand their strengths, weaknesses, values and update oneself on those daily.

Ingenuity: the ability to confidently adapt to an ever-changing world

Heroism: to remain energized by great ambitions, a passion to excel, and goals that are bigger than any one person, and finally:

Love: Engage others with a positive attitude that recognizes their dignity and potential and seeks to develop that potential.

I'm now going to talk about heroism, self-awareness, ingenuity, and love, in that order.

### Heroism:

Let me now start with heroism, and let me use an anecdote to help you conceive how early-Jesuit style heroism might differ from our stereotypical understanding of what heroic means: as many of you know, the Jesuits operate today what is the world's largest privately organized, higher education network. Your country is richly represented in this wonderful network:.... But that Jesuit school system was not always the world's largest, of course, and while it was in its relative sputtering infancy in the late 1500s, one Jesuit named Pedro Ribadeneira had the temerity to write the King of Spain and call the fledgling operation something so important that, "the well being of the whole world and all Christendom" depended on it. That's a heroic vision if ever there was one! Yet, grounded in reality. Ribadaneira knew what it was like to teach in a school, because listen to what he said in a different context: "It is a repulsive, annoying and burdensome thing to guide and teach and try to control a crowd of young people, who are naturally so frivolous, so restless, so talkative and so unwilling to work, that even their parents cannot keep them at home."

This Jesuit Ribadeneira, in fact, may have articulated a wonderful model of heroism relevant not only to the teaching profession but in many of our work environments: this idea of immersing oneself squarely in the mucky reality you face each day, yet not losing sight of your guiding vision and fondest hopes. We've grown accustomed to associating

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heroism with extraordinary acts like saving persons trapped in burning buildings or saving comrades in battle. This Jesuit vision is instead proposing that heroism is less about the opportunity at hand—because most of us can't control the opportunities that life will present us: we may never have the chance to save someone in distress—than it is about the *response* to the opportunity at hand, which we can *always* control.

The teacher has no guarantee that he or she will make a profound, life-altering impact in a child's life: his or her heroism is manifest in the commitment to live and work as if he or she *might* make such a difference, never losing sight of the fullest vision of what teaching can accomplish. Teachers also understand that the project—the school—is successful only when each individual supports a goal that is bigger than him or herself. I'm reminded in this regard of an anecdote about US President Kennedy in the early 1960s, when the US space program was trying to send a rocket ship to the moon. He had a tour of the space agency, and at the end of it met a gentleman sweeping the floors and to be polite asked him what his job was. He supposedly replied, 'sir, I'm putting a man on the moon.' Surely all of us have had the work experience that teams perform most effectively when individuals are able to see beyond their individual task and understand their work as participation in some cause that is greater than any one individual. Everyone knows that the teams that perform best are teams where individuals "get over themselves" and understand they are participating in some goal that is bigger than any one person.

### **Self Awareness:**

Every Jesuit in history, from the founders to the current Jesuits being formed in more than one hundred countries, with no exception in history that I'm aware of, has participated during training in a month-long intense period of personal reflection

called the spiritual exercises, during which he is removed completely from the workplace, from reading papers, watching television, talking with friends, or anything that could deter from the intense introspection that becomes their only 'job responsibility' for thirty days. These guided meditations, which probably remain the most powerful retreat tool in the Christian world today, were St. Ignatius Loyola's very practical attempt to translate into a systematic approach the fruits of his own journey to religious understanding. As far as Jesuits are concerned, this is a spiritual and religious experience, but the self-assessment that is taking place makes these exercises a superb leadership bootcamp. For each Jesuit is making a considerable investment in pondering his strengths and weaknesses, his personal values, his outlook on the world.

Anyone who has managed lots of people or worked in Human Resources—I've done both—has been mystified by the phenomenon that rising stars who later crash and burn even though they had the total package of technical skills, smarts, ambition, and training; one school of thought attributes these spectacular flame-outs to lack of self-awareness: those with talent who bomb out frequently have it too easy in the beginning, and never come to grips with their values and weaknesses; those who make it in the long run are frequently those who have had to confront their weaknesses, and been learning agile enough to work on them or minimize them. The Harvard emeritus Abraham Zaleznik, who worked with a number of chief executives, once observed that many of them seemed to be individuals who were 'twice born,' where some personal crisis like injury, alcoholism, or bankruptcy forced them to come to grips as adults with who they were and what they valued and wanted: the early Jesuits are telling us that if a crisis doesn't thrust this moment of self-scrutiny upon us, we need to manufacture the process for ourselves

Jesuits also learn during this period a wonderfully modern and easy to adopt tool for daily updating: for the rest of his life after this month-long upfront investment, each Jesuit follows a daily regimen of three mental pitstops that in aggregate absorb as little as twenty minutes a day, and which anyone here could begin using tomorrow. First, ‘upon waking up’ remind yourself of what you have to be grateful for, and remind yourself of your goals—which might be a weakness you want to work on or an objective to achieve. Then, once in the middle of the work day and once at the end of the day, repeat a similar process: take a few minutes, remind yourself of your blessings, remind yourself of your goals, and mentally scroll through the last few hours to extract lessons learned from your performance.

I think the genius of this simple practice is obvious when we consider its origins. Remember I mentioned that the Jesuits broke radically from existing custom by abandoning the monastic practice of gathering together in chapel multiple times daily in order instead to pursue a much more activist lifestyle. Yet, Ignatius had the incredibly modern insight that we in the 21st century typically overlook: if you and I don’t have the luxury of retreating to chapel multiple times daily like monks, we need to find some other way of keeping ourselves focused and recollected as we bob along each day on a tide of e-mails, phone calls, and meetings without ever pulling back to take stock. I’m sure you’ve seen the fallout from this chaotic lifestyle as I have: the person who gets to the end of the day without ever getting to his or her # 1 priority, or the person who has a meeting go badly at 8:30 and remains distracted about it all day, draining productivity. These are self-awareness problems.

Before I leave this topic of how we keep ourselves recollected in the middle of our busy days, let me share one other anecdote from Jesuit lore about staying focused: one elderly Jesuit had the job of being the doorkeeper, to receive those who came

with business for the Jesuits, to deliver things, beg for money, and god knows what else. This was in addition to his work as community treasurer or whatever else he was doing, so you can imagine how easy it would be to think about the doorkeeping duty as a constant distraction and a complete pain in the neck. And the brother therefore created a little mental routine for himself, that every time there was a knock at the door he used to say to himself, “I’m coming, Lord Jesus.” Now, just imagine what kind of customer service that brother was delivering!

This is not simply my own opinion, but is well supported by contemporary research. The famous American college UCLA has for the last 40 years conducted a fascinating survey of the priorities of incoming college freshmen: In 1967 90% of freshmen considered it essential or very important to develop a meaningful philosophy of life; 40% considered it essential to be well-off financially. By 2003 the proportions had almost completely flipped: nearly 80% of students now think it important to be well-off and only 40% apparently care about developing a philosophy of life. The bottom line: most are viewing college as a vocation training or career prep experience.

What most of these students often don’t understand—is those who do well in the long run tend to have a clear vision of what it means to be a person, how to treat others, and what they value in life—you must use this experience to get a really deep understanding of yourself.

It’s worth reflecting on the fact that if we looked at the Jesuit resume we would have predicted their inevitable failure: after all, as I mentioned at the start of this talk, they had no business plan, no focus, no capital, and so on. And I suspect that if we looked at some of your personal histories, we might have predicted that some of you too would have failed. Some of you may come from families where no one has ever gone to college, or from poor families, or

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lived in neighborhoods where the primary schooling was sub-par. Many of you have succeeded not because everything in your life made it easier for you to succeed, but because, like those early Jesuits, you have drawn on qualities within that have motivated you to surmount challenges you face.

You are all now in circumstances that would predict your likely success in the world: you're not only pursuing higher education, but doing so at an elite school. But though the education, social tools, and network you acquire here can be invaluable to you in whatever occupations you pursue, the early Jesuit example should remind you that those internal qualities and values that got you here in the first place may be more important indicators drivers of success, fulfillment, and happiness than the more conventional tools like good resume, capital, and so on.

### **Ingenuity:**

Having spoken now about heroism and self-awareness, let me touch only briefly on the concept of ingenuity—briefly because it's intuitively obvious to any 21st century businessperson that ingenuity—the ability to adapt, to be creative, to change course and develop new products or approaches, is absolutely essential in our changing world. During the time I worked at JP Morgan, for example, we once calculated that each year about 1/3 of our revenue was coming from businesses or products that hadn't even existed five years earlier—in other words, to remain competitive and profitable we basically had to re-create ourselves every few years, and I know most of you are in similarly challenging circumstances. So, when these 16th century Jesuits tell us they have to be change-adaptive, they tell us nothing we don't already know.

In the early 1600s a Jesuit named Roberto de Nobili arrived in India. Within a few years, he had gotten rid of the black clothing that was customary for a priest.

Instead, he was wearing a simple robe like a Hindu holy man. Like them, he had become a vegetarian. He marked himself on the forehead with the same insignia they wore. He studied Sanskrit and began writing treatises that used Hindu terminology and ideas. For some of his contemporaries, he was a scandal. The bishop in India asked the Inquisition to investigate him. Eventually a Vatican commission investigated what he was teaching and his methods. In the end, he was completely vindicated. Much of his approach in the 1600s is now what every seminary in the world would teach as the proper way to dialogue with different cultures and religious traditions.

When I think of Fr. De Nobili in the 1600s, I'm reminded of the work in the 1990s by two business school professors, one at Harvard, John Kotter, and the other at Stanford, Jerry Porras. They researched, independently, companies that had performed extremely well, and came up with interestingly consistent conclusions. Most highly successful companies had a culture, a way of doing things, that combined two elements: one, people had a good sense of some core values—this is what we're all about here; this never changes; this is why we come to work all day—that was their anchor. On the other hand, they also had built into the culture an impetus, a push, to always be changing in response to the changing competitive environment. So, for example, Fr. De Nobili knew well the core Christian dogmas he was unwilling to change. He was very open to changing the way he communicated those values and how he could approach an environment so different from his native environment.

So, how did they in the 16th century instill a mindset that we in the 21st still have trouble achieving? I find the key in one of Ignatius' Spiritual Exercises and a concept that he calls detachment or indifference. Ignatius tells the story of a man who inherits a fabulous sum of money, and then proposes the question or meditation of what to do with it. Our



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instinct is to think that the solution must be to give the money to the poor and rejoice piously. But he says, no, what we should strive for is the kind of freedom—he calls it detachment or indifference—that would allow us to keep the money or give it away, making the decision based only on what best serves our goal—for Jesuits, of course, the goal is to serve God's greater glory, but the human part of the insight remains valid if you substitute whatever is the end goal for which your company strives.

In other words, we're only going to be free enough to be true risk-takers, ingenious, adaptive, creative, flexible in our business approaches when we have first identified, come to grips with, and freed ourselves from personal attachments: to the ways we've always done it, to our status, to our possessions, to our fear of taking risk, to our particular institutional structures, before. Let me give an example: everyone who has worked in mergers and acquisitions business knows that some mergers that would greatly enhance shareholder value don't happen simply because one CEO is too attached to his own ego and status and doesn't want to give up control in a merged entity. The opposite also occurs: lousy mergers occur simply because some ego-attached CEO wants a bigger corporate sandbox. I use mergers for a reason. There was a very interesting NY Times article last year pondering the fact that a large number of corporate mergers simply don't work: they don't deliver any added value to shareholders.

### Love:

We've spoken now about heroism and self-awareness at some length, about ingenuity briefly, and so I would like to move on to the value about which anyone from a corporate background would surely be more skeptical: what place could love possibly have in a large company? First of all, let me assure you that I didn't patrol the hallways of JP Morgan embracing my colleagues and telling them I

loved them, nor am I recommending you do that in your respective workplaces. Anyway, Ignatius told his colleagues that 'love ought to manifest itself in deeds, not words.' So let me elaborate on what deeds might show the impact of love in a work, team, or other setting.

How about this for starters as love in action with clear bottom-line impact: surely no corporate leader who loved employees would recklessly gamble their pensions and livelihoods to prop up his or her stock option value. Think of all the other kinds of examples in our other environments that would also be applicable here: surely no government worker or politician who loved the citizens he or she was entrusted with serving could engage in the kind of corruption that takes their money or deprives them of the government services to which they are entitled.

But all of these examples, legitimate though they are, have a vaguely negative ring, as if love might guide us in the workplace only by saving us from perpetrating outrageous ethical misdeeds. And I would also like to talk about some of the richer, more positive dimensions of love in the workplace.

Let's start to do so by reflecting on the very word of the word 'Company.' I would note that the formal name the Jesuit founders chose for their company was, in their native Spanish, *Compañía de Jesus*, company of Jesus. The word Jesuit was coined later as a kind of nickname. And the way they understood 'company' is not what we would typically understand today. Although nowadays the meaning of the word company has been almost completely hijacked by commercial enterprise, recall that the Latin roots of the word are *cum panis*, 'together' and 'bread', in other words, a company was the group of people with whom you might 'break bread'... in the 16th century a 'company' would more often refer to a religious group, a military troop, or even





a group of friends. These early Jesuits clearly saw themselves as companions of each other, and that this companionship would energize their efforts. The Jesuit *compania* is offering us the challenge of getting our own *companias* back to this root concept: groups characterized by mutual support that energizes team members...that might even be fun.

Everyone knows that children learn and perform more productively when they are raised, taught, and mentored by families and teachers and coaches who value them as important and dignified, who set high standards, who create environments of love rather than fear. Why have we somehow convinced ourselves that our adult needs are so different? The best teams I've been on have thrived precisely because there was trust, mutual support, real respect for each other's talents, real interest in helping others succeed, and a willingness to hold each other accountable to high standards so that each of us might realize our fullest personal and team potential.

Ignatius of Loyola was unafraid to call this bundle of behaviors love, which is precisely what it is when these behaviors are supercharged by a self-aware vision that those I work and play with are not merely 'resources' for me to use but individuals as worthy of respect and support as I am. Accordingly, he told Jesuit bosses to manage with "all the love and modesty and charity possible" so that teams could thrive in environments filled with "greater love than fear." Why did Loyola insist on this? Well, in one of his Spiritual Exercises he tells us to reflect on the fact that each human being "is God's temple" made in God's image and likeness. And, if we believe this is true, then it surely has implications for how we ought to treat our fellow humans. I suspect that some of what I just quoted may make some of us feel somewhat uncomfortable. You came for a business symposium, not for a religious sermon! But what I'm talking about is fundamentally business related. Because once you begin to think this way, you see people completely differently...and you treat them

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differently...and your organizations prosper.

*The Jesuits had the imagination to open successful reducciones in Brazil simply because they saw something different when they looked at the indigenous persons of Brazil. You know that in the early decades of the colonial era, one of the key debates among so-called sophisticated Europeans was whether the indigenous persons of Africa and the Americas were even human beings. One European wrote that the people he encountered in the Americas were basically "Beasts of the forest...squalid savages, ferocious and most base, resembling wild animals in everything but human shape." Those Jesuits who set up reducciones obviously thought something very different. Listen to the words of one Jesuit working in Brazil, speaking of the very same people that other Europeans were calling beasts: "Are these people not the children of Adam and Eve?...Are not these bodies born and do they not die as ours do? Do they not breathe the same air? Are they not covered by the same sky? Are they not warmed by the same sun?"*

I've spent a long time now talking about human respect, because I see some worrying trends in the U.S. workplace. I'm worried that we need to start adopting different ways of working and leading. I will be talking about what is happening in the world of work in the United States, but let's be frank. In a globalizing world, what happens in the US is already happening elsewhere.

On the one hand, the American economy is a wonderful system that has created new jobs and opportunities for countless millions of people in my country over the past decades.

But this dazzlingly resourceful economy nonetheless takes a large and mounting toll on the spirits of even those holding good jobs. No civilization in history has reaped such meager fulfillment from such

prosperity as ours today. A scant 30% of Americans report themselves 'very happy' with their lives. Only half of Americans pronounce themselves happy at work; only 39% trust their own senior managers. Nearly half of Americans worry "frequently" about losing their jobs. The average work year in these unhappy, distrustful places is 20% longer than it was two generations ago. ....And this is the situation for people who have good jobs in the most prosperous civilization in the world. And you know as well as I do that many, many of our brothers and sisters do not even get a chance to participate. Nearly 2 billion of our brothers and sisters around the world must live on income of only \$2 per day. And nearly 1 billion of our brothers and sisters cannot even write their own name.

We have a wonderful economic model, but that model will only last and survive if dedicated, principled human beings within it can get better at treating their colleagues and clients and subordinates with the kinds of attitudes I just spoke about, and if we have people who are ingenious and heroic enough to figure out how to allow others to participate in this remarkable system .

All of the ideas that I've spoken of so far—self-awareness, heroism, and love—are values that any one of you may choose to take on as part of your own personal leadership project, at your homes, workplaces, or elsewhere in life. So let me use my last few minutes, by way of summary, to build a practical case for this Jesuit-style leadership approach from the ground up,

1. First, I hope you take away from these Jesuits their fundamentally different message about what leadership is: we *tend* to think of leadership as tactics—what we do; or status, the position we hold on an organization chart. And while leadership may be *projected* through status or tactics, it fundamentally is about who we are. It's not an act at work, but it's the set of values



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I stand for and project, it's the outlook I have on other human beings and how I display that... To lead well, focus on knowing yourself and what you stand for, and less on looking at movies about General Patton or reading books about Jack Welch and trying to imitate them.

2. If leadership is who we are, then it follows that we're all leading, and we're all leading all the time, well or poorly. And this is another different slant the Jesuits are taking on leadership. It follows from it that we should learn to focus more on the opportunities we have each day and less on the opportunities that have not yet come our way. None of us in our corporate lives can control all our circumstances, how other people will behave around us, or the opportunities presented to us. We can, however, *always* control our own behaviors and reactions. Ignatius of Loyola once had this to say: "Work as if success depended on your own efforts, but trust as if all depended on God." The subconscious message is incredibly important: *our* implicit assumption tends to be—if you get yourself into a specific job, you can make leadership impact; *their* implicit assumption is: you're going to be making impact whatever job you're in. Focus on the input you can control, not on what you can't control. It pre-figures, I believe, so much modern psychological insight: for example, the principle that the healthiest individuals learn to 'control the controllables': highly proactive in the areas of life they can control, but free from obsession over what they cannot control. So how do we go about controlling the controllables:
3. Self-awareness is the key. Remember I introduced the idea that we need to move from subconscious to purposeful leadership. We need to get explicit about our strengths and weaknesses, our values, and the leadership legacy we each want to leave in the world. And once we've made that investment,

we need to create mechanisms to focus every day on how we're doing. I discussed earlier the examen, that daily tool Jesuits used to take mental pit stops... Every Jesuit trainee, then or now, went through the same month-long Spiritual Exercises which force him to get clear about his goals and values. Our culture tells us that we can buy a book in Madrid, read up on six quick rules, and be a better leader when the plane arrives in Barcelona. It's nonsense. We all know that the best leaders are not winning because they know a few gimmicks but because they have something much more personal and profound that's motivating them all day. The guys who have had to clarify their life's purpose, goals, and personal values, are the guys who are winning for themselves and for their companies. This group gathered here today is a very high achieving cross-section of this region's community, and I bet that if each were interviewed, we'd find a lot of you had endured some personal or professional testing process that was key to your later focus and resolve and performance. Likewise, these Jesuits help us to see that good leaders go through some process of reflecting on themselves as adults, and explicitly articulating their values as part of a 'life project,' the legacy we want to leave in the world.

The great beauty of this four-pillared formula for us gathered here today, is that not only did it make Jesuits more daring, adaptive, bolder, creative corporate warriors of the ilk we so prize, it also made them more principled. I don't believe there is a magic formula in corporate life that guarantees we will be able to do well and be good, makes us successful while also making us better human beings—but this model offers at least the glimmer of that promise. And, yet more good news, unlike my book, which costs money to buy—the price of becoming better is nothing, nothing more than your own committed investment to self-awareness and to articulating your leadership values.

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Before ending, let me issue a call to action for all of us in this room. Rarely has there been a moment when this Jesuit notion of what it means to be a human person, to lead, been so sorely needed in society, and each of us can play a role. Every pundit that I know of, whether speaking of business, the church, political or civic life, talks about the need for greater leadership. But though we all agree on the need, we can't articulate adequate solutions, in part because we're stuck with this broken idea of leadership that has only to do with status, position in a hierarchical chart, money, or power. Well, those in this room can teach society by the way we do business a unique, principled, and workable model of leadership for the 21st century, based on

the notion that everyone leads when role modeling values like those that I've outlined. I asked at the outset the we each think of the names of two or three living leaders, and I hope by now you think of your own name first when I say we need more competent, smart, virtuous businesspersons who can role model a way of leading for those who are on our teams, in our companies, and in our communities, by the way we live and work, how we treat our families and work colleagues and clients.

Thank you for listening, and best of luck in your own efforts to make yourselves, families, and workplaces more self-aware, ingenious, loving, and heroic places.



# Debate



### Christopher Lowney

Let me just say that the best discussion is one where everyone speaks very frankly so do not stand on ceremony just because I am a visitor. You know, when you speak about a program or model, it can sound very beautiful on paper but we have to deal with reality. So all comments and questions are most welcome.

### Audience question

*We are talking of a religious environment, are we not? So I would like to start with religion. You say that Jesuits, established schools like this one to create leaders. So let us refer to Jesus and his life: was he a born leader or did he become one? I think he is someone who became a leader. He did not have to be grown up as a leader or be born as a leader. I would like to know what you think on this point.*

### Christopher Lowney

Well, there are two things here. The first one is the classic dilemma: are leaders born or made? Well, let me refer to two kinds of definitions of what a leader is. A classic definition is that leaders are those in positions of public authority, such as administrators, chief executives and so on. This is one kind of definition of a leader. I suppose that some people are naturally better at these tasks than others. Some people can speak very well in public, which you must do if you are talking to many people. However, others find that very hard. Some people are naturally charismatic. So, when we talk about this cultural definition of what it is to lead and having other people work for you, I suppose that some aspects of leadership are natural. One could say more on the subject.

However, remember that the definition I spent almost all of my time talking about is the idea that leaders point out a way of life, set an example, influence others. I talked about a specific style

or model for doing that involving self-awareness, ingenuity, heroism, and love. Those are not things you are born with. Everyone can become more self-aware, more ingenious, more heroic, more loving. In fact, our problem is the person who thinks he knows it all. That, you see, is the problem and I believe the culture of being in charge is given far too much weight right now. Who is on television? Who is the superstar chief executive? I am sure you have the same thing here in Spain with these “rock star” chief executives. So this kind of leadership style gets a lot of publicity. We need to shift the balance a little more and focus on this other idea that each person can develop themselves. While it was not your question, let me just comment on the book and religion and so on.

I worked at JP Morgan with Christians, Jews, Muslims, atheists, Buddhists - you name it - we had them all. Yet we all worked together beautifully. To be frank, never in my 17 years there - and I worked in Asia, in Europe, in the United States - do I recall there being any kind of tension between people because of what they believed in. Maybe ESADE is an interesting laboratory to help us think about this diversity. We do not appreciate how much business can teach society to work together towards common goals in a multicultural world. I think many companies are doing this much better than one generally sees in the world.

These are the people I work with. So when I was writing the book, I tried to write about something of great value and substance. That led me to reflect Jesuit ideas on the subject. I wondered how I could capture these ideas in a humanistic way so that the book could be appreciated by everyone from their own tradition, whether it be atheist, Muslim, or Christian, so that they could make direct links to their beliefs. That was my intention.





### Audience question

*I have been working in academic education for sixteen years and in the last four I directed the campus of a large institution in Mexico City. Over the last sixteen years, I have seen the slide in family values and watched with concern the lack of role models for youth, the lack of leaders whom they could admire, follow and learn from. For me, teachers have a vital role to play here because young people can draw on their experience and share their dreams. I would like to go back to my institution in Mexico and do something with faculty in the leadership and ethics fields in order to help youth and strengthen their will to create a better world.*

### Christopher Lowney

I will answer a question and we can see if it is the same one you are asking.

Now, I think that there are several points here and three ideas spring to mind, which I will deal with in turn. First, you spoke of the role of teachers and educators at one point. Let me talk about the situation in the US. There, many families are either mixed or broken. That is not intended as a value judgment – it is just a fact. There is less and less sense of community in neighbourhoods and towns. In his very interesting book “Bowling Alone,” Robert Putnam did a very interesting sociological study on how North Americans are becoming increasingly isolated from one another.

So the family is not so much of a unit as it was and community is not the way it used to be. That is why I think school comes first and is often the only real experience of company young people have. It should not be this way but it is. So I often say to faculties that we have these problems in our companies because people do not empathise. They do not trust their managers enough, they

are unhappy and companies will not solve these problems. I know this from my own experience. We do not have the internal resources to really change this. What we need is people who can bring a different model of companionship. From whence will they get this model? They will not dream it up. Maybe they will see the faculty of ESADE working and will say to themselves, “These people treat each other like swine so I suppose that’s the way the world is”. Anyway, you grasp my point. Or they will say, “Ah, they are role modelling a way the world could work.” So I think that faculties have a vital role to play in furnishing different models of how companies can work because faculty involves company in the other sense of the word.

Secondly, you talk about leadership role models. People have lost hope because they fail to see many models. For example, when I ask a small group of American students to come up with the names of leaders, one might mention George Bush, another his mother, and so on. So people have very varied concepts of what a leader is. Three weeks ago, I asked a small group of students the same question in Venezuela. Everyone named Hugo Chavez as an example of a leader, even though many of them oppose him. I am an American and the US administration has a quarrel with Venezuela but that is not my point. Hugo Chavez is the only name the Venezuelan students came up when asked to think of a leader. It both shocked and saddened me that they only thought in terms of the ‘One Great Man’ theory. In a way, that makes them feel powerless. Whether the ‘One Great Man’ is good or bad, it comes down to renouncing one’s own power to change the world. You are right that we now have lots of role models – some of them pretty strange - but I think we need to help people think outside the ‘One Great Man’ box so they can take control of their lives.

Thirdly, you also talk about a slide in values. Well, perhaps we are talking too much about religion. The thing is, at JP Morgan, I do not want anyone to come into my office and start talking to me about Jesus. This is not my model of how a company works. But I do want Christians, Muslims, Jews or atheists coming to work to abide by their religious or humanist values and be fair and honest. I consider we are losing important values in the workplace and I think for many these values could stem from some personal belief system which would help us all.

### Audience question

*Leaders have their work, objectives, and mission but even with a good team, the resources may prove unequal to the challenge. Work can be a terrible grind over the medium and long terms. Having read your book, my question is “Do you have any ideas on how to*

*foster leadership?” “On what should we feed it?” Just as I have to nourish myself to stay in shape, what should we feed leadership on?*

### Christopher Lowney

If I understand the question correctly, you are asking how do we stop ourselves from flagging in the tough world of work?, how do we keep going?

I think I see what you are getting at but bear with me if I answer in a tangential way. Let’s talk about a firm where individual values and company values must be the same. It’s a bit like becoming a Jesuit. You cannot be rich, you cannot become powerful, you cannot have sex. So the people who join accept the company values because they are also their personal values. So in principle at least, the two match. I think what you are saying is that your own values or thoughts on



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leadership do not always match what you find. The work environment sometimes makes it hard to work the way you believe in. I think what you are asking is how does one survive the pressures and difficulties this mis-match gives rise to.

Well, this is a real-life problem and there are no easy answers. People often get het up about aspects of their working lives that make them deeply unhappy, the things that make them say “This boss is an idiot” but which they cannot change. What we should ask ourselves is to what extent our lives are really controlled by such things. Maybe the answer is “not much”. In other words, it is easy to let 90% of one’s happiness become wrapped up with a problem that really only affects 10% of one’s life. One should not let such things absorb all one’s mental energies. It is a good idea to keep things in proportion by asking oneself how much of one’s work-life one really controls and just focus on that.

In connection with your question, I feel that people need to have some kind of personal values to draw upon. By no means do these have to be religious values but they do need to be something one can draw strength from so one can pluck up courage to do difficult things in life.

### Audience question

*Well, first of all, I would like to congratulate you and thank you for giving us this lesson today. With your permission, I would like to read between the lines and point out some comments and questions. The very nature of companies implies we need one another. No one runs the economy on their own. So what I wanted to point out is that the ideas are also philosophical issues. You mentioned a US university - Harvard - and that reminded me of two concepts: co-operation, and citizenship. Now, I happen to be a lawyer and John Ross wrote a theory about*

*rational choice. Reading between the lines, are you saying that both Jesuits and companies need to base their work on co-operation? In this context, I would like to mention that another US economist wrote a book titled, “How, Not Only Who.” In other words, co-operation concerns “how” things are done as well as “who” carries them out. I wonder if you could say something on this point.*

### Christopher Lowney

I agree with you. Perhaps I could illustrate the point by making a sociological observation about the United States but to be frank, the way business operates in the US is the way business operates in general whether for good or ill.

When I joined JP Morgan, there was an implied kind of contract that if you did well, you could probably work there for many years. Most of the people who I worked with way back in the 1980s probably thought they would be in the company for years and maybe even retire from it. During my time there, we changed the implied social contract dramatically. People were told the company operated in very competitive markets in a fast-changing world and that there were no guarantees. They were told they would get the chop if they did badly and might be fired anyway if there was a big market downturn. So this is the reality of doing business.

But I do not think we have completely thought through or understood all of the implications of the world we created because people catch on quickly. They begin to think exactly the same way. In other words – they only stay on so long as the company serves their interests. So in the time that I have been there – and JP Morgan could be any company – the whole thing has become more of a freelance affair. Everyone is just passing through and thinking about their next job. Maybe



it seems I am not answering your question but the fact is, everybody is increasingly thinking about themselves. Fewer and fewer think they have some mental commitment to and real investment in the overall good of this organisation.

Again, when I started in JP Morgan, there was this young guy who joined who was a crook or something like that. Well, we did not need the law to sort him out. We all had a stake in making sure he did not ruin things for everyone else, so we showed him how to behave. But, twenty years later everyone is thinking that they will only be with the company for two years and is waiting for, say, an offer from Goldman Sachs. That makes people's commitment very weak.

So, as you say and oversimplifying somewhat, we are the ones who have created this

situation. However, that is how things stand and consequently people put less of themselves into the community, in the mission, and instead spend more time and effort into saving their own hides. It is an interesting issue.

### **Audience question**

*I have two short questions. The first one concerns your views on leadership and good companies. Maybe I am missing something but surely it is healthy to have a little disagreement in a company? How does that fit into your picture? How does a leader try to foster healthy disagreement? Sharing a mission is all very well but it may be the wrong mission and require changing.*

*The second point, which is unrelated to the first, is there anything that we cannot learn*

*from 16th Century Jesuits? Is there anything that we should not learn from them? You have talked about lots of things that we could learn but is there anything we ought not to emulate?*

### **Christopher Lowney**

Well, there are two things here. First, I share your premise that we need healthy disagreement to make companies work well.

It is a very interesting idea and the first time anyone has mentioned this in a talk. While you were asking your question, it struck me that I never talk about disagreement. I am not sure that my case study gives us a good model here. Maybe I am wrong but the chances are that at least one Jesuit will have something to say on this. In this context, it is worth contrasting the Benedictines and the Jesuits. If only our case studies covered religious groups! Perhaps the Benedictines would be a better object of your question because it is an order that stresses group decision-making. I believe Saint Benedict back in the 6th Century ordered that all members of the community must meet when a decision needs to be taken. He said that the the most junior and youngest ones should speak first and he said something on the lines of "Sometimes God enlightens the young". That is because the prejudice then, as now, was that juniors knew nothing or drowned out wiser councils.

To my mind, the Jesuit business model is based more on individual self-awareness and individual growth. I do not think I could find much good material to say how well we do in this respect in big companies. Perhaps the secret lies in this concept of love which involves deep respect. Disagreement requires deep mutual respect since without respect we merely fight. Mutual respect allows us to say difficult things. That may be one factor.

The second part of your question is also intriguing: what should we not emulate? Well, I often like to put it the other way round – what is that Jesuits could learn from companies, such as metrics. In JP Morgan, what gets measured gets done. That is an important principle - if something is important to us, we learn how to do it. Non-profit organisations, especially religious ones, often have very soft objectives. I do not mean soft as bad, I mean soft as non-quantifiable. In Jesuit schools in the United States they say, "We are trying to develop men and women for others." Perhaps the mission statement should be more common in Spain because a Basque – Father Arrupe – said "This is the job of Jesuit schools: to develop men and women for others."

It is a beautiful concept but how do we know that we succeed in putting it into practice? It is hard to grasp but good organisations find ways of figuring out whether they are successful. We tend to think we are great in quoted companies. If I am running JP Morgan, I can see that Goldman Sachs, Morgan Stanley, and so on, are achieving 19% return on equity. All I have to do is hit 19% or better. However, while reaching the target is very hard, knowing how to measure it is not. By contrast, it is very difficult to measure attainment of soft goals. I am sure that if we looked at ESADE and its objectives, we would find some soft, difficult-to-measure things.

### **Audience question**

*I read your book a while back and I liked it a great deal. I must confess that came as a pleasant surprise because I had serious reservations as whether Jesuit training could be applied to the business world. However, there is still one thing that troubles me. The book's message implies a deep knowledge of one's own personality. It is often difficult to become fully aware of one's strengths and*



*limitations. Acquiring spiritual freedom in the real world often creates conflict, praising others often requires profound humility, and so on.*

*The question I asked myself after reading the book - a question that I think has been partly answered by this discussion - is whether one can put one's personality on the line working for organisations whose values and ends are not on the same level. It reminds me of what Francisco de Borja said. He was the third Superior General of the Jesuits and a man of noble lineage who had served the Queen. When she died and he saw her earthly remains, Borja exclaimed: "I shall never serve a mortal master again." In other words, one should only show wholehearted commitment to things that are really worthwhile. So for me, the question is that if you are proposing*

*this kind of leadership, are you not also proposing a kind of company that is quite different from mainstream corporations? While there are firms that represent values that one could identify with, I would not put my heart and soul into working for a company just to double the profits of a certain group of individuals. But I would work to change certain aspects of the world. I wonder whether this kind of personality and leadership does not imply strong convictions - faith even - that there certain aspects of the world are worth changing and that people deserve love despite their myriad faults.*

### **Christopher Lowney**

That is a very good question and goes to the root of things. As I see it, institutions like this one are the only places where such questions will be discussed. That is because they fully grasp what it means to

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run a business yet also draw upon another tradition that raises spiritual and philosophical questions. I will say what I think but I would like others to share their views on these issues.

You talked of the depth of some of these qualities and whether people can really acquire them and use them in business settings. I know you did not frame your question in exactly this way but let me make this observation - one of the things worth reflecting on is that your company makes an incredible investment in every employee. You get years of training. There is clearly a belief that if you make people think very deeply about who they are as human beings, they will perform better. This model does not yet exist. When I started in JP Morgan, the management training programme lasted six months or so. Now, if you were to put this another way and suggest investing six months in each individual, people would laugh. In the corporate world, we do not believe this kind of investment is worthwhile, or we do not believe it is our job, or we do not believe we can do it well.

All of these things are wrapped up with what we were talking about. We do not believe in these things because our mindset focuses on the short term. Why bother investing six months in someone when they are likely to leave after a couple of years? Why should we invest six months in someone when we need to reach this quarter's earnings target? The investment in someone may only pay back in five years time but certainly not this quarter. We are debating these issues here but we are all a little chary of discussing business and personal beliefs in the same breath. That is because we know we could not talk like this in a corporate setting.

At one level, it is very difficult to mix the two. However, perhaps your question is intended to

spark debate on the ends companies pursue. I would happily defend companies and other organisations' "spiritual" values or - if you will - their contribution to the common good. The vision and mission statements of many major companies might well appeal to individuals fired by spiritual values. Here, I mean statements such as: "Our job is to produce a reward for our shareholders by doing this good for the world", or "Our mission is to improve human beings' experience of this, and thereby serve our shareholders". Well, I happen to believe in such values. After all, part of our task as human beings is to civilise society. This involves growing as individuals, creating jobs, giving people the chance to develop their talents and human qualities and to help others. These are all worthy individual and corporate goals.

But there is sometimes an impossible gap. There is always a gap, usually an unbridgable one between this vision, and reality - which is what you were getting at. We know that many of these companies are - quite literally - soul-destroying. In such companies, people discover the things that are important to them as human beings are missing and that they cannot stand such a setting. That is how things are.

There is perhaps even a third level to your question which concerns what we are as human beings and what our true purpose is. If we pursue this path all the way to the end, we find ourselves facing a wholly spiritual question. I am sure that Loyola and his followers would not suddenly decide they ought to run General Electric because it creates jobs. It does not work like that. Because when you Jesuits follow your trail to the end to discover the wellsprings of motivation, one thinks on a completely different level. Your question is a fascinating one and maybe others have something to add.





### Audience question

*I have a sociological question. You have talked about families and communities and said that neither is working properly. At the same time, you have presented leadership as a very individual commitment, and the four characteristics that you talk about all stem from the individual, whose development is a crucial step on the path to leadership. From a sociological viewpoint, although families and communities are vital in providing love and support, they are also very fragile institutions. It may be that following an individualist path fosters the four characteristics conducive to leadership. What you say is all very well but I just feel there is another side to the story.*

### Christopher Lowney

That is an excellent question but it is a tough one to answer. I remember someone asking me in a discussion whether I thought someone who had grown up in a very unhappy family could become a good leader. The question was almost shocking but it was also very interesting. I had never thought about it before. In a way, I am not qualified to answer: What I suppose the person was saying was whether one could love others if one had not been loved oneself.

We all know people in work settings. But it is here that we reach the limits of how modern companies work. When I review someone's job performance, I can only comment on observable behaviour and that is the way it should be. Maybe

I think the chap has a personal problem and is terribly suspicious, defensive, and cannot relate to others. I might even think it has something to do with his family but I cannot say that to him. This poses an interesting challenge in big companies. On the one hand, I do not want my manager to play armchair psychology with me. That would be inappropriate. On the other hand, to be frank many workplace problems stem from the way people are. It is difficult to know what one's staff are really like – you just hope they are easy to work with. The family may have something to do with it but that belongs to the private sphere.

Having said that, let me play Devil's advocate. It is easy to say that people who have not really known love will find it hard to become good leader-managers. But if you look at the richest people – the ones who do best in Fortune 500 companies and so on – a surprisingly high percentage come from very difficult backgrounds. Remember, I spoke about personal crises as a factor that may drive an individual's growth. I can also imagine that people who have faced very challenging circumstances may prove the most effective. A good manager sometimes needs to show empathy and compassion. Those who have suffered the slings and arrows of fortune may find it easier to do this than those who have always led a privileged existence.

### **Audience question**

*That is exactly what I was driving at. You say, "Those that have suffered," which implies that they are not suffering now. It implies that they overcame early traumas. So this one-sided presentation of broken families and communities as something that hinders the development of leadership qualities ignores the other side of the coin. Put another way, suffering may be good for the soul.*

### **Christopher Lowney**

Well, one can find cases to support both viewpoints. There are people whose suffering has wrecked their lives. There are others who have overcome suffering and been made stronger by it. Then again, we all know people who have always lived in the lap of luxury and have never learned anything about themselves and are useless. But others from privileged backgrounds have gone on to do great things. There is no single answer to this issue.

### **Audience question**

Going through the history of the organisation and the values that unite all its members, we see both companies and people that focus on immediate returns and then move on. Looking back on Jesuits' values and organisation, how can we use such values to unite companies and assure their future? Is there a trend towards only thinking about the here and now, and – if so – does this threaten companies' existence?

### **Christopher Lowney**

Well, perhaps it does pose a threat. There are scholars here who study business and know far better than I how we should look and think about companies. But in the US context, which is the one I know best, virtually everyone is unhappy at the tyranny exercised by market analysts. We seem to have dug ourselves into a hole where everything revolves around the quarterly earnings. What did you do this quarter? What will you do next quarter? The whole world is spellbound by this siren song being sung by the roughly two dozen analysts who cover each industry.

If you interview chief executives, none of them say thinking in three-month chunks is helping them make the best long-term decisions for their company. Forget about principle, love for one's fellow man and so on for a moment. The fact



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is it makes no sense even from the standpoint of present value. There are investments that could yield good present values but companies are passing them up because there may be no pay back within the next quarter or half year, even though they would serve the best financial interest of their shareholders. Maximising shareholder return is basic so this is just crazy. To be honest, I have no idea what we can do to change this. Perhaps I am wrong but my impression – shared by many – is that we are stuck in this rut and nobody really knows how we can get out of it. I think it stupid and simplistic to blame everything on those writing the equity research reports at JP Morgan and Goldman Sachs. But I believe this short-term focus is a big problem in US companies.

### Audience question

*I have listened to everything you have said with great interest and I basically agree with everything you say. Yet I am assailed by nagging doubts. For example, you mentioned President Kennedy, and it was assumed he was a great leader but later on we learned that he was a sex maniac and that his wife wanted to divorce him. But he was killed, so he became a hero. You have talked about heroism, but was he really a hero? He also started the Vietnam War, which was one of the greatest American tragedies since the Civil War.*

*I liked your idea of being willing to adopt any strategy and you mentioned the Forbes list of the world's wealthiest individuals. Now, one should assume that the richer one is the freer one, since money gives one freedom of choice. In real life, it seems the richer people are, the more shackled they are and fearful of losing their money.*

*Let us also look at where we are now. Our economies are very successful - you*

*mentioned the Spanish economy, which has been booming. You also mentioned the US, which has the most prosperous economy in Mankind's history. But is the country really better-off now than it was four decades ago? Stock market indexes are at an all-time high in Spain and every day brings new peaks. I understand the Dow Jones may soon break all records yet highly profitable companies have no qualms about laying off staff in droves.*

*Then there is the environment. Spanish electricity consumption is soaring by 6% a year and we have no idea where our future energy will come from. Instead of building new nuclear power stations, we ought to be ensuring that we do not leave a poisoned legacy for our children. My question is, do you share my uneasiness, do you suspect that the whole system may be fatally flawed?*

### Christopher Lowney

Well, I broadly agree with what you are saying. It is true that people are too attached to worldly goods and that is why Loyola used that example in his meditations. He realised that people fall under the spell of their possessions, their egos, and fears. You are right that people become shackled by their wealth. You gave a litany of things that have worked badly over the last thirty or forty years and argue that the business world wields ever more power to highly questionable ends.

That is precisely why we need to stress values when it comes to the way we do business. Given the choice of incorporating these values in business or writing off the system as beyond redemption, I would unhesitatingly choose the former. I would side with those who argue that we have a system that – infused with the right values - can serve Mankind. That is the side of the fence I would come down on.



# ESADE

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