

# Leadership: What Is It?

*Leadership is, most fundamentally, about changes. What leaders do is create the systems and organizations that managers need, and, eventually, elevate them up to a whole new level or . . . change in some basic ways to take advantage of new opportunities.*

—John P. Kotter<sup>1</sup>

**G**ary Yukl (2006) defines leadership as “the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives” (p. 8). Peter Northouse (2010) defines leadership as “a process whereby an individual influences a group of individuals to achieve a common goal” (p. 3). These definitions suggest several components central to the phenomenon of leadership. Some of them are as follows: (a) Leadership is a process, (b) leadership involves influencing others, (c) leadership happens within the context of a group, (d) leadership involves goal attainment, and (e) these goals are shared by leaders and their followers. The very act of defining leadership as a process suggests that leadership is not a characteristic or trait with which only a few certain people are endowed at birth. Defining leadership as a process means that leadership is a transactional event that happens between leaders and their followers.

Viewing leadership as a process means that leaders affect and are affected by their followers either positively or negatively. It stresses that leadership is a two-way, interactive event between leaders and followers rather than a linear, one-way event in which the leader affects the followers but not vice versa. Defining leadership as a process makes it available to everyone—not just a select few who *are born with it*. More important, it means that leadership is not restricted to just the one person in a group who has formal position power (i.e., the formally appointed leader).

---

<sup>1</sup>John P. Kotter is the retired Konosuke Matsushita Professor of Leadership at Harvard Business School.

Leadership is about influence—the ability to influence your subordinates, your peers, and your bosses in a work or organizational context. Without influence, it is impossible to be a leader. Of course, having influence means that there is a greater need on the part of leaders to exercise their influence ethically.

Leadership operates in groups. This means that leadership is about influencing a group of people who are engaged in a common goal or purpose. This can be a small center for management development in a business school with a staff of 4, a naval ship with a ship's company of 300 (a destroyer) or 6,000 (an aircraft carrier), or a multinational enterprise such as Starbucks with more than 10,500 stores worldwide and in excess of 100,000 partners (employees). This definition of leadership precludes the inclusion of leadership training programs that teach people to lead themselves.

Leadership includes the achievement of goals. Therefore, leadership is about directing a group of people toward the accomplishment of a task or the reaching of an endpoint through various ethically based means. Leaders direct their energies and the energies of their followers to the achievement of something together—for example, hockey coaches working with their players to win a championship, to win their conference, to have a winning (better than 0.500) season, or to have a better won–lost percentage than last season. Thus, leadership occurs in, as well as affects, contexts where people are moving in the direction of a goal.

Leaders and followers share objectives. Leadership means that leaders work with their followers to achieve objectives that they all share. Establishing shared objectives that leaders and followers can coalesce around is difficult but worth the effort. Leaders who are willing to expend time and effort in determining appropriate goals will find these goals achieved more effectively and easily if followers and leaders work together. Leader-imposed goals are generally harder and less effectively achieved than goals developed together.

In this casebook, those who exercise leadership will be referred to as leaders, while those toward whom leadership is exercised will be referred to as followers. Both are required for there to be a leadership process. Within this process, both leaders and followers have an ethical responsibility to attend to the needs and concerns of each other; however, because this casebook is about leadership, we will focus more on the ethical responsibility of leaders toward their followers. Finally, it needs to be said that leaders are not better than followers, nor are they above followers. On the contrary, leaders and followers are intertwined in a way that requires them to be understood in their relationship with each other and as a collective body of two or more people (Burns, 1978; Dubrin, 2007; Hollander, 1992).

In the previous paragraphs, leadership has been defined and the definitional aspects of leadership have been discussed. In the next few paragraphs, several other issues related to the nature of leadership will be discussed: how trait leadership is different from leadership as a process, how emergent and appointed leadership are different, and how coercion, power, and management are different from leadership.

### **Trait Versus Process**

Statements such as “She is a born leader” and “He was born to lead” imply a perspective toward leadership that is trait based. Yukl (2006) states that the trait approach “emphasizes leaders’ attributes such as personality, motives, values, and skills. Underlying this approach was the assumption that some people are natural leaders, endowed with certain traits not possessed by other people” (p. 13). This is very different from describing leadership as a process. In essence, the trait viewpoint suggests that leadership is inherent in a few select

people and that leadership is restricted to only those few who have special talents with which they are born (Yukl, 2006). Some examples of traits are the ability to speak well, an extroverted personality, or unique physical characteristics such as height (Bryman, 1992). Viewing leadership as a process implies that leadership is a phenomenon that is contextual and suggests that everyone is capable of exercising leadership. This suggests that leadership can be learned and that leadership is observable through what leaders do or how they behave (Daft, 2005; Jago, 1982; Northouse, 2010).

### **Assigned Versus Emergent**

Assigned leadership is the appointment of people to formal positions of authority within an organization. Emergent leadership is the exercise of leadership by one group member because of the manner in which other group members react to him or her. Examples of assigned leadership are general managers of sports teams, vice presidents of universities, plant managers, the CEOs of hospitals, and the executive directors of nonprofit organizations. In some settings, it is possible that the person assigned to a formal leadership position may not be the person to whom others in the group look for leadership.

Emergent leadership is exhibited when others perceive a person to be the most influential member of their group or organization, regardless of the person's assigned formal position. Emergent leadership is exercised when other people in the organization support, accept, and encourage that person's behavior. This way of leading does not occur when a person is appointed to a formal position but emerges over time through positive communication behaviors. Fisher (1974) suggested that some communication behaviors that explain emergent leadership are verbal involvement, keeping well informed, asking other group members for their opinions, being firm but not rigid, and the initiation of new and compelling ideas (Fisher, 1974; Northouse, 2010).

The material in this casebook is designed to apply equally to emergent and assigned leadership. This is appropriate since whether a person emerged as a leader or was assigned to be a leader, that person is exercising leadership. Consequently, this casebook uses cases that focus on the leader's "ability to inspire confidence and support among the people who are needed to achieve organizational goals" (Dubrin, 2007, p. 2).

### **Leadership and Power**

Power is related to but different from leadership. It is related to leadership because it is an integral part of the ability to influence others. Power is defined as the potential or capacity to influence others to bring about desired outcomes. We have influence when we can affect others' beliefs, attitudes, and behavior. While there are different kinds of power, in organizations, we consider two kinds of power—position power and personal power. Position power is that power that comes from holding a particular office, position, or rank in an organization (Daft, 2005). A university president has more power than a dean of a business school, but they both have formal power.

Personal power is the capacity to influence that comes from being viewed as knowledgeable and likable by followers. It is power that derives from the interpersonal relationships that leaders develop with followers (Yukl, 2006). We would argue that when leaders have both position and personal power, they should use personal power a vast majority of the time. Overuse of position power may erode the ability of a leader to influence

people. Of course, it is important to know when it is most appropriate to use position power and to be able and willing to use it (Daft, 2005).

Power can be two-faced. One face is the use of power within an organization to achieve one's personal goals to the detriment of others in the organization. The other face is that power that works to achieve the collective goals of all members of the organization, sometimes even at the expense of the leader's personal goals.

### **Leadership and Coercion**

Related to power is a specific kind of power called coercion. Coercive leaders use force to cause change. These leaders influence others through the use of penalties, rewards, threats, punishment, and negative reward schedules (Daft, 2005). Coercion is different from leadership, and it is important to distinguish between the two. In this casebook, it is important for you to distinguish between those who are being coercive versus those who are influencing a group of people toward a common goal. Using coercion is counter to influencing others to achieve a shared goal and may have unintended, negative consequences (Dubrin, 2007; Yukl, 2006).

### **Leadership and Management**

Leadership is similar to, and different from, management. They both involve influencing people. They both require working with people. Both are concerned with the achievement of common goals. However, leadership and management are different on more dimensions than they are similar.

Zaleznik (1977) believes that managers and leaders are very distinct, and being one precludes being the other. He argues that managers are reactive, and while they are willing to work with people to solve problems, they do so with minimal emotional involvement. On the other hand, leaders are emotionally involved and seek to shape ideas instead of reacting to others' ideas. Managers limit choice, while leaders work to expand the number of alternatives to problems that have plagued an organization for a long period of time. Leaders change people's attitudes, while managers only change their behavior.

Mintzberg (1998) contends that managers lead by using a cerebral face. This face stresses calculation, views an organization as components of a portfolio, and operates with words and numbers of rationality. He suggests that leaders lead by using an insightful face. This face stresses commitment, views organizations with an integrative perspective, and is rooted in the images and feel of integrity. He argues that managers need to be two faced. They need to simultaneously be managers and leaders.

Kotter (1998) argues that organizations are overmanaged and underled. However, strong leadership with weak management is no better and may be worse. He suggests that organizations need strong leadership and strong management. Managers are needed to handle complexity by instituting planning and budgeting, organizing and staffing, and controlling and problem solving. Leaders are needed to handle change through setting a direction, aligning people, and motivating and inspiring people. He argues that organizations need people who can do both—they need leader-managers.

Rowe (2001) contends that leaders and managers are different and suggests that one aspect of the difference may be philosophical. Managers believe that the decisions they make are determined for them by the organizations they work for and that the organizations they work for conduct themselves in a manner that is determined by the industry or environment in which they operate. In other words, managers are deterministic in their belief system. Leaders

believe that the choices they make will affect their organizations and that their organizations will affect or shape the industries or environments in which they operate. In other words, the belief systems of leaders are more aligned with a philosophical perspective of free will.

Organizations with strong management but weak or no leadership will stifle creativity and innovation and be very bureaucratic. Conversely, an organization with strong leadership and weak or nonexistent management can become involved in change for the sake of change—change that is misdirected or meaningless and has a negative effect on the organization. Bennis and Nanus (1985) expressed the differences between managers and leaders very clearly in their often quoted phrase: “Managers are people who do things right and leaders are people who do the right thing” (p. 221). Implicit in this statement is that organizations need people who do the right thing and who do the “right things right.”

## References

---

- Ashby, M. D., & Miles, S. A. (2002). *Leaders talk leadership: Top executives speak their minds*. Oxford: Oxford University Press.
- Bennis, W. G., & Nanus, B. (1985). *Leaders: The strategies for taking charge*. New York: Harper & Row.
- Bryman, A. (1992). *Charisma and leadership in organizations*. London: Sage.
- Burns, J. M. (1978). *Leadership*. New York: Harper & Row.
- Daft, R. L. (2005). *The leadership experience* (3rd ed.). Mason, OH: Thomson, South-Western.
- Dubrin, A. (2007). *Leadership: Research findings, practice, and skills*. New York: Houghton Mifflin.
- Fisher, B. A. (1974). *Small group decision-making: Communication and the group process*. New York: McGraw-Hill.
- Hollander, E. P. (1992). Leadership, followership, self, and others. *Leadership Quarterly*, 3(1), 43–54.
- Jago, A. G. (1982). Leadership: Perspectives in theory and research. *Management Science*, 28(3), 315–336.
- Kotter, J. P. (1998). What leaders really do. In *Harvard Business Review on leadership* (pp. 37–60). Boston: Harvard Business School Press.
- Mintzberg, H. (1998). Retrospective commentary on the manager’s job: Folklore and fact. In *Harvard Business Review on leadership* (pp. 29–32). Boston: Harvard Business School Press.
- Northouse, P. G. (2010). *Leadership: Theory and practice* (5th ed.). Thousand Oaks, CA: Sage.
- Rowe, W. G. (2001). Creating wealth in organizations: The role of strategic leadership. *Academy of Management Executive*, 15(1), 81–94.
- Yukl, G. (2006). *Leadership in organizations* (6th ed.). Upper Saddle River, NJ: Pearson-Prentice Hall.
- Zaleznik, A. (1977). Managers and leaders: Are they different? *Harvard Business Review*, 55, 67–78.

## The Cases

---

### Food Terminal (A)

In this case, a recently appointed store manager at a wholesale food company must make some decisions regarding management and leadership. The store is losing \$10,000 per week, sales are spiraling downward, the key people in the company do not want him there, and employee morale is terrible.

### Dickinson College: Inspiration for a Leadership Story (In the Vision of a Founding Father)

In January 1999, William Durden became the 27th president of his alma mater, Dickinson College. He quickly realized that for much of the 20th century, Dickinson had lacked a

strong sense of organizational purpose. By autumn, Durden had turned to the life and writings of Dr. Benjamin Rush, who had secured the college charter in 1783, as the inspiration for the story. After introducing Durden and the challenges confronting Dickinson, the case describes the early history of the college and the ideas and accomplishments of Rush. It then provides students with a brief overview of the strategic challenges that had surfaced for Dickinson by the mid-1990s. The conclusion indicates that Durden still had to resolve many issues associated with the identity story.

## **The Reading**

---

### **Great Leadership Is Good Leadership**

Look into the soul of any great leader and you will find a good leader. But if only that were the case! Some leaders, those who crave and bathe in the spotlight, are in fact not so great. Others, who are highly effective (and modest) and possess the five key characteristics this author describes, are good leaders first and foremost—which is what, in the end, makes them great!

---

## **The Food Terminal (A)**

---

*Prepared by Leo J. Klus, under the supervision of John F. Graham*

In July 1991, three months after graduating from the Western Business School, 23-year-old Mike Bellafacia knew that he was in for a rough ride.

When I arrived at the store, the staff morale was terrible. The previous manager had made a mess of things, the recession was hitting home, sales were spiralling downward quickly, and my store was losing \$10,000 per week. To make matters worse, most of the key people in the company felt that I didn't deserve the store manager's position.

As the recently appointed store manager of the newest Foodco location in St. Catharines, Ontario, Mike knew that he had to turn the store around by improving its financial performance and the employee morale. He also knew that

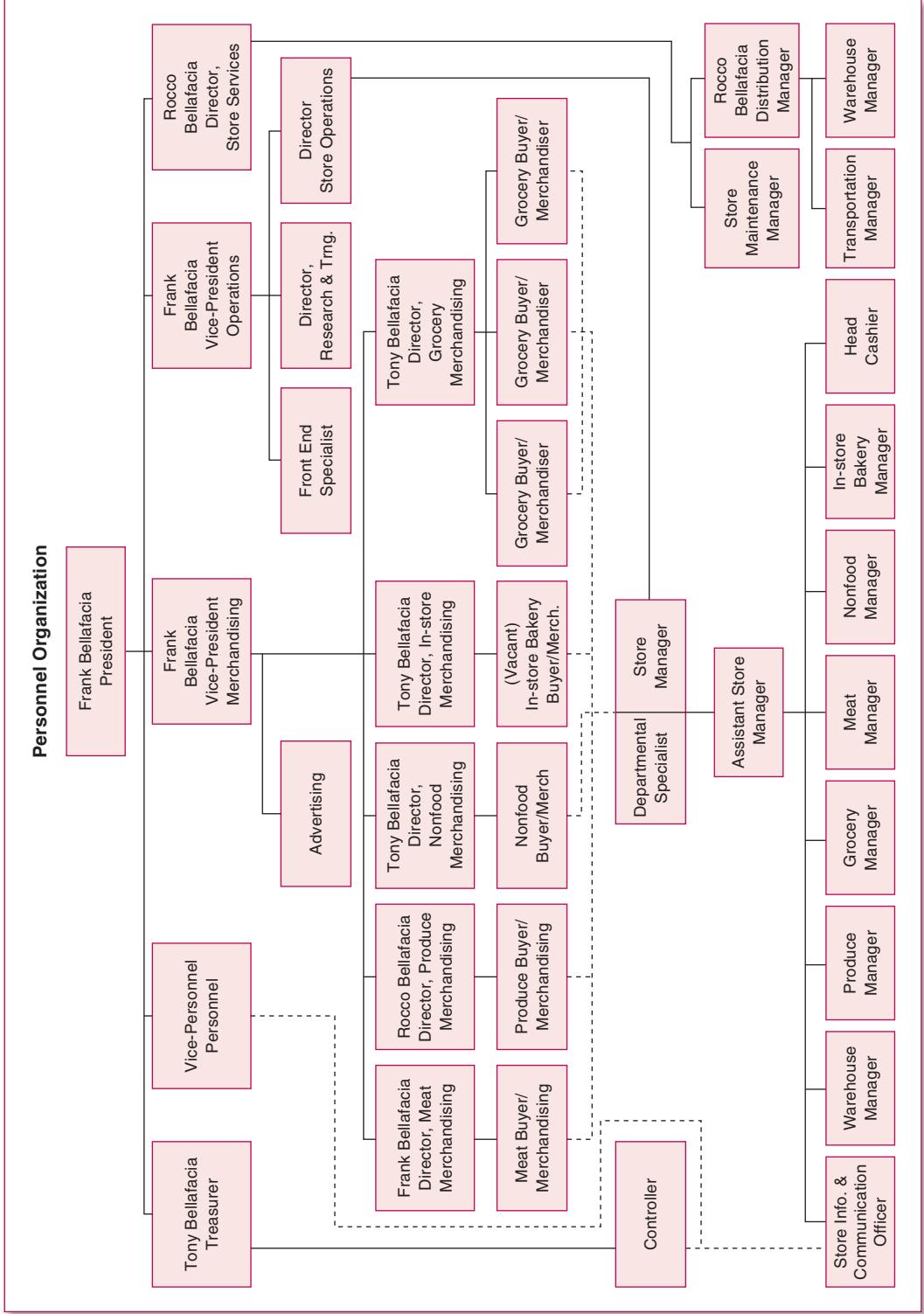
something had to be done immediately because the losses at this store were seriously affecting the entire company.

### **Foodco Ltd**

---

Foodco Ltd. (FC), with its head office located in St. Catharines, Ontario, was a large player in the Niagara Peninsula grocery retailing industry. FC, a retailer in this market since 1962, was currently made up of seven stores: three St. Catharines locations, one Welland location, one Port Colborne location, and two Lincoln locations. Most of the ownership and key management positions were held by Frank Bellafacia, Tony Bellafacia, and Rocco Bellafacia, as shown in Exhibit 1. Selected financial ratios for FC are shown in Exhibit 2.

**Exhibit 1** Personnel Organization Chart



**Exhibit 2** Selected Financial Ratios

	1986	1987	1988	1989	1990
<b>PROFITABILITY</b>					
Cost of goods sold	81.2%	80.2%	79.7%	78.7%	78.3%
Operating expenses	19.4%	18.7%	19.1%	19.6%	19.8%
Net income before tax	-1.1%	0.5%	0.3%	0.7%	0.7%
<b>RETURN</b>					
After-tax return on equity	0.0%	715.0%	n/a	725.0%	94.2%
<b>STABILITY</b>					
Interest coverage*	1.28x	1.36x	1.05x	1.19x	2.37x
<b>LIQUIDITY</b>					
Net working capital (\$000)*	(1,447)	(2,051)	(13)	(316)	(243)
<b>GROWTH</b>					
Sales		26.0%	10.7%	14.1%	15.5%
Assets*		16.7%	3.8%	11.2%	9.6%
Equity*		-0.3%	1.2%	4.9%	19.5%

\*Denotes a ratio calculated from the statements of Bellafacia's Consolidated Holdings Inc.

FC had created a powerful presence in this industry by developing and refining a strategy that worked. Their product offering was that of any typical supermarket: groceries, meats, bakery and dairy items, packaged foods, and nonfood items. Each store carried eight to ten thousand different items. FC planned to widen the selection available by adding more lines and to follow a general trend in consumer preferences toward an increased percentage of nonfood items in the product mix. Central to FC's strategy was a well-managed marketing effort. Weekly flyers were distributed that highlighted five or six items. FC priced these

items below cost to draw customers. The rest of the flyer's products were representative of all the product groups. FC's ability to differentiate itself from the other competitors centred on its corporate vision: low food prices and fast, friendly service. Central to the FC competitive strategy was the mandate to be the low-price leader among conventional supermarkets, during good and bad economic times. Mike Bellafacia stated: "This is a no frills and low price store for a no frills and low price clientele. Most markets are shifting in this direction." FC had developed aggressive expansion plans with six stores being considered for development.

Exhibit 3 Front Page of the Weekly Flyer

**OPEN SUNDAY**  
10:00 a.m. - 5:00 p.m.

**COUPON SAVINGS! INSIDE!**

# Food Terminal

- 3 LOCATIONS TO SERVE YOU IN ST. CATHARINES -  
• 318 Ontario Street • 286 Bunting Road • 350 Scott Street

CASE OF 24 X 355 ML. CANS, 5.9¢/100 ML., REGULAR OR DIET,

# Pepsi, 7-Up or Crush

- ⊗ Crush Orange
- ⊗ Crush Grape
- ⊗ Crush Cream Soda
- ⊗ Hires Root Beer
- ⊗ Mountain Dew
- ⊗ Dr. Pepper

**LIMIT OF 2 CASES PER FAMILY PURCHASE!**

**CASE**

# 4.99

ADVERTISED PRICES IN EFFECT FROM SUNDAY, JULY 5 TO SATURDAY, JULY 11, 1992.

# Low Food Prices!

## **The Retail Grocery Industry**

---

The job of managing the store and the staff became crucial to the overall success of FC given the demanding challenges in the industry. The industry was shifting from a simple mass market to a spectrum of distinct, serviceable segments. A recent statistic stated that 30 per cent of consumers switch stores every year. Moreover, a new Food Marketing Institute study found that consumers buy on the basis of the following criteria (ranked in decreasing priority): service, quality products, variety, and low prices. Thus, there was now more opportunity for competitive differentiation based on service and on quality than on price alone.

There were tremendous opportunities for niche players to enter the market, and such entrants had been observed. Health and organic food stores, fruit markets, and independent single-commodity stores (i.e., pet food stores) emerged and were servicing their target segments more effectively than the supermarkets were willing or able to do. Consumer demands varied from region to region, and many small independent retail grocers emerged to meet these demands both in the Niagara Peninsula and across all of Ontario. These independents managed not only to survive, but to take sizable portions of market share from the major chains. This shift toward niche marketing and catering to the local market outlined the need to employ store managers who understood how to please and retain the local customer.

## **The Role of the Store Manager**

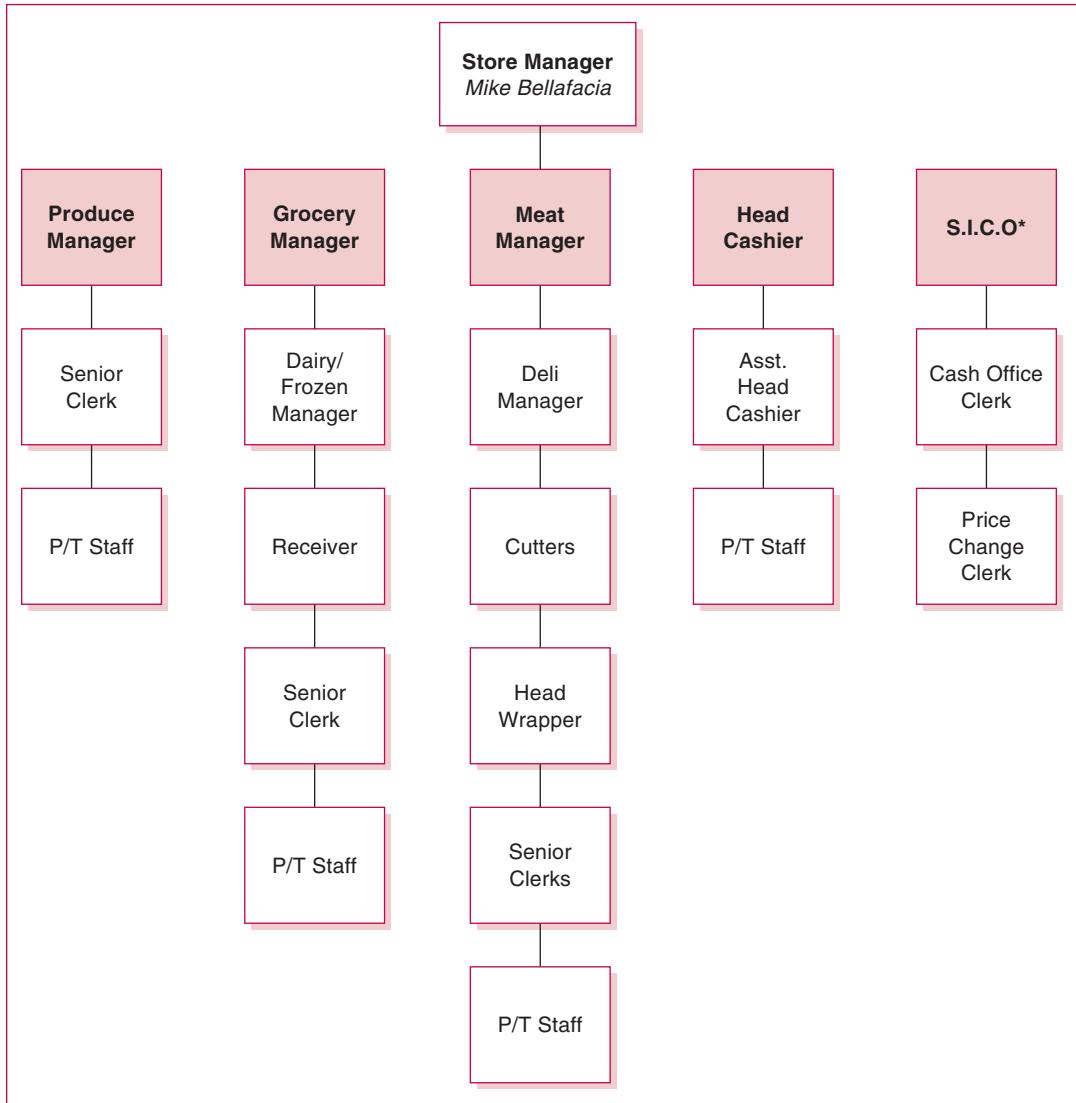
---

The success of FC depended upon each of the seven store managers operating

his/her store consistently with the corporate strategy. Traditionally, the road to store manager (SM) began within one of the stores at a lower management position. The family culture within each Food Terminal location was very important to FC management. Thus, store managers were selected from within the company to ensure a leader who understood the FC vision and values. Five managers reported directly to the SM, as shown in Exhibit 4, and their development was an important job for the SM. The SM position became increasingly more important at FC. Many of the current SM functions that used to be handled by the head office were delegated downward to the store level to allow head office to focus on overall company strategy. The stores were now more attuned to the local market they serve. An SM was responsible for the following:

1. Ensuring that merchandising skills were strong among all department managers;
2. Monitoring local market information;
3. Focusing staff on organizational goals (such as sales, gross margin, and profit goals);
4. Organizing weekly staff meetings;
5. Developing all employees and encouraging staff training;
6. Generating and producing sales, gross margin, and profit objectives;
7. Meeting cost objectives (motivating the staff to be cost conscious);
8. Analyzing the performance of each inter-store department; and
9. Attending FC “Top Management Meetings” (TMMs).

**Exhibit 4** Scott & Vine Organizational Chart



\*Store Information and Communications Officer. Responsible for maintaining the lines of communication between the store and head office.

### **Mike Bellafacia's Background**

Mike Bellafacia graduated from The University of Western Ontario with an Honors Business

Administration degree (HBA). During his summers at university, he was assigned special projects from his father that focused on a variety of company problems. Mike would

combine the analytical skills developed in the business school with his knowledge of the family business to address these issues. In his last year in the HBA program, Mike and a team of student consultants spent the year focusing on the long-term strategy and competitive advantage of FC. They examined every aspect of the company and developed many strategic recommendations for the top management at FC.

Upon graduation, Mike decided to work for FC. He planned to start off working in some of the various departments (i.e., the produce department) and at different stores within FC to work his way up in order to get the experience he needed to manage a store. This would have allowed him the opportunity to work under some of the most knowledgeable managers in the company. He didn't expect to be store manager so soon.

### **The Scott & Vine Location: The First Month**

Mike's career at FC was supposed to begin in one of the departments in the company. Both Mike and FC management felt strongly about that. However, while Mike was on vacation in May, FC management made a chancy decision. As of June 1, 1991, Mike Bellafacia would take over the SM position at the Scott & Vine location from the existing SM. The store's performance was deteriorating, and Mike was expected to change things. Mike reflected on the first week at the three-month old location:

When I first started I was extremely nervous. The district supervisor brought me to the store to have a meeting with the department managers, and I could see the look of disappointment in their eyes. Most of these managers had been forced to move to this new store from other locations. The staff morale was definitely low to begin with. Combined with the fact that I am the boss's son,

they probably assumed that I was sent to check on them.

After getting settled in, Mike began to realize that something was terribly wrong at the Scott & Vine food terminal. The store was not producing a bottom line, and many of the 95 employees were not performing well. Mike commented:

This building used to be a Food City that was on the verge of closing down. We acquired it and picked up where they left off. The task I had was to get above average performance from an average staff. They were just not driven to succeed, were poorly trained, and many of them, especially the managers, didn't want to be there.

The previous manager had performed poorly by FC standards. Although he had been an SM at other grocery stores, he was unable to create a productive atmosphere at this one. When this location opened, the sales level was \$160,000 per week, but by Mike's first month it had dropped by 17 per cent. FC management expected this location to be operating at over \$200,000 per week. The other St. Catharines stores were operating at over \$350,000 per week. They had a long way to go.

What took place at the Scott & Vine location was a symptom of a more serious problem: the performance of FC as a whole. Mike explained the situation:

Some of what was happening here can be attributed to FC. They became fat cats and, in the process, they lost touch with the customers. Pricing had gone way out of line, cross-border shopping was cutting into our bottom line, and our marketing efforts were poor. The weekly ads that are developed by head office for all the stores were not drawing in customers like they used to. As a result, we had no word-of-mouth advertising which is

so essential to a retail outlet. When our sales across the board went down, we had only ourselves to blame.

## Sorting Through the Disorder

The job of managing the Food Terminal was overwhelming, and the problems were endless. Some of the more prevalent problems are listed below:

1. Product rotation (a job monitored by department managers and very important for customer satisfaction) was handled improperly.
2. It was not uncommon to find empty counters and shelves.
3. The staff paid very little attention to cleanliness. (Customers complained about this.)
4. Customers were not treated with respect by those employees who had frequent contact with them.
5. Department managers were doing a poor job of managing and motivating the employees in their departments.
6. Department sales and gross profit results were poor. (See Exhibit 5 for a breakdown of departmental sales and gross profit figures.)

**Exhibit 5** Selected Financial Indicators, Scott & Vine Location, for the Week Ending June 9, 1991

Departmental Performance			
DEPARTMENT	SALES (\$)	GROSS PROFIT (\$)	% OF SALES
Produce	22,677	4,602	20.3
Grocery	77,363	12,467	16.1
Meat	32,963	7,629	23.1
Non-Food	4,784	1,228	25.7
IS-Bakery	2,337	934	40.0
TOTAL	140,124	28,860	19.2

Overall Store Performance (One Week)		
WEEKLY INDICATORS	BUDGET (\$)	ACTUAL (\$)
SALES	155,000	140,124
GROSS PROFIT	33,683	26,860
EXPENSES:		
Wages	16,483	19,600
Supplies	1,895	1,410
Other Expenses	17,091	16,257
TOTAL EXPENSES	35,469	37,267
NET INCOME	(1,786)	(10,407)
# OF CUSTOMERS	7,723/WEEK	

Difficulties arose within the staff that made the SM job even more strenuous. Mike described the situation:

There were a lot of people problems that I had to face. The weekly staff meetings we had together were a joke. Instead of a time to interact and solve problems together, it was just a waste of time. As well, the entire staff was demoralized due to the continual failure to meet monthly performance goals since the store opened. We had the worst performance in the FC organization. The controller of the company told me that the Scott & Vine location was hurting the entire company. I felt as though head office was blaming me for the store's poor performance, and I knew that I had to set some goals that we could all rally behind.

For the first month I was very autocratic. I had to be! I replaced all the cashiers that month, because of the numerous customer complaints about their attitude, but that was just the beginning of my problems. The part-time staff were continually standing around doing nothing. The receiver was not handling the deliveries very well. I found it tough to get along with the department managers. My worst employee problems came from the produce and meat managers. They just were not doing their jobs well. I tried going over the product orders with them, developing schedules, and assisting with their product display plans. I even brought in some of FC's department experts to go over things with them. They would not listen to any of my suggestions. Even though I had some problems with my grocery manager, I began to see that he had real potential for managing. There was some resentment toward me for

being a family member and getting the SM position so young, and as a result, people would not open up to me. I also knew that some of the other SMs at other locations didn't want me to succeed, and I found myself conveniently left out of important SM meetings. To make matters worse, after two months here, the general manager of FC made it known that I should be pulled out of this job.

### **Facing the Future**

It was a tough season to compete in the retail grocery business. Mike Bellafacia found this out after only two months at the Food Terminal and the situation was now grave. The Scott & Vine location was losing over \$10,000 per week and the sales level was stagnant. The staff morale had changed very little. Customers were not responding to advertisement efforts, and things looked as if they were going to worsen. Mike reflected on what had happened during these last two months and where things were going. He wondered if he was responsible for the mess the store was in—had he mismanaged his managers, thereby making the situation worse? Had FC made a big mistake putting him in the position of SM? Thinking back on his education, Mike commented:

The business school helped me understand the decision-making process. I'm not afraid to make decisions, do analysis and pin-point problem areas. But it didn't teach me how to get the job done, the execution of a decision. More importantly, I was not prepared to deal with people who didn't have the training I did, or the desire to succeed as I did.

Although he was unsure about these issues, he focused on what he should do to get

the Scott & Vine food terminal operating profitably, with good management and with a growing customer base. As he looked over the financial data, he wondered if he should lay off some employees to bring the wages expense down. Mike reflected on this: “We didn’t have the sales to support the exorbitant number of employees we had at the store.” He was

concerned about how he would handle these layoffs. He also thought about the serious morale problem. Many of the employees were lazy and demotivated, and customers complained regularly about cleanliness and service. He wondered if there was a way to use the weekly meetings to his advantage. Things seemed just as complicated as they did in June.

---

## Dickinson College

---

### *Inspiration for a Leadership Story (in the Vision of a Founding Father)*

By Michael J. Fratantuono

On a mid-October morning in 1999, William G. (Bill) Durden got up from his desk and looked out his window onto the main green of the campus. Many thoughts filled his mind. The prior January, the board of trustees had named him the 27th president of his alma mater, Dickinson College. In a few weeks, on October 30, during the autumn board meeting, he would be officially instated and deliver his inaugural address.

In both personal and professional terms, the appointment represented a dramatic turn of events. When contacted by the Dickinson search committee in late autumn of 1998, Durden was not initially interested in the position. Yes, he had graduated from Dickinson in 1971, was certainly grateful for the education he had received and was mindful of the opportunities that had

flowed from that experience.<sup>2</sup> However, he was serving as the president of a division of the Sylvan Learning Systems, Inc. and the vice-president of academic affairs for the Caliber Learning Network, positions that he found challenging and rewarding. Furthermore, as an alumnus, he had become increasingly angry and frustrated that over the past few decades, the school had not realized its potential; sometimes he had even been embarrassed that the name Dickinson did not command more respect in academic and professional circles. He only agreed to take the job after talks with trustees, alumni, faculty and students convinced him there was a genuine, broad-based desire for fundamental change at the college.<sup>3</sup>

Once he decided to accept and was named by the board, Durden began the process of

<sup>2</sup>For example, Durden won a Fulbright Scholarship, studied in Switzerland and Germany, and earned a Ph.D. in German language and literature from Johns Hopkins University. He had stayed on at Johns Hopkins, taught in the German department for 16 years, and had become the executive director of the well known Center for Talented Youth (CTY). He had acted as a consultant and advisor to numerous government agencies, non-profit organizations, and foundations in the field of education. “President William G. Durden, Biography,” Dickinson College web site, <http://www.dickinson.edu/about/president/bio.html>, accessed July 28, 2007.

<sup>3</sup>Bill Durden, “Comments as Guest Lecturer for the Dickinson College course, Financial Transformation of Dickinson College, February 6, 2007,” Dickinson College, Carlisle, PA.

transition. In the spring, he had visited the college several times. On July 1, at the start of the academic year, he had moved into the president's office in West College, Dickinson's most historically significant building. In the final days of August, as the semester started, he had mingled with students and their families, and prepared his convocation speech. Over the past nine months, Durden had uncovered what he regarded as two shortcomings at the college. The first quickly surfaced. For its entire 216-year history, the college had never had a fully articulated strategy. That realization had informed Durden's first major goal: the college would have a strategic plan by the spring of 2000. Towards that end, in the spring of 1999 he had asked the dean and other administrators to invite respected members of the college to serve on a special committee. During the summer, he and the group read more than 1,200 pages of white papers, reports, self-studies, and other documents that had been written in recent years about Dickinson. Informed by that background material, with the start of the semester, the committee began to meet each week to start the process of writing a first draft of a high-level strategic plan, one that would identify a vision and mission, defining attributes, and priorities for the college. Their objective was to complete a first draft by late autumn, so that the document could be vetted by faculty, students, administrators and trustees; redrafted over the winter; re-circulated; and then released in final form to the community by the end of the academic year. Later that day, he would be attending another such meeting, participating not as a convener or facilitator, but as a contributor to the conversation. While the work was tough going, the attitude among committee members was upbeat and they had started to make some good progress.

The second shortcoming, more subtle and deeply embedded, involved the culture of the

college. For much of the 20th century, the Dickinson community had lacked the sense of organizational pride and purpose one typically encountered at a college with a national reputation for excellence. Previous leaders had been comfortable with the status quo and had not conveyed a sense of urgency with respect to the internal and external challenges that confronted the school. Dickinson had remained relatively anonymous in the field of higher education, had failed to establish a strong and clear identity—the type of identity that could help distinguish the college from rivals and contribute to the experience of students, the sense of purpose of the faculty, and the affinity of alumni. That insight had come to Durden some two months earlier. During orientation week, he had gone on a day-hike with a group of students, and engaged in a lengthy conversation with a rising senior who had earned good grades and been deeply involved in campus life before spending time abroad during her junior year. The same evening, she sent him an e-mail and confessed that despite all that she had accomplished and experienced, she still did not have a clear sense of what it meant to be a Dickinsonian. That troubled Durden: if such an accomplished student could not explain what a Dickinson education stood for, then who could?<sup>4</sup>

The disturbing, albeit important, exchange with the young lady gave Durden a new purpose. That is, while Durden had—in addition to reading college documents for the special committee—also spent time throughout the summer studying the history of the college, the exchange had prompted him to revisit the circumstances associated with the college being granted a charter from the Assembly of Pennsylvania in 1783. Durden had become particularly intrigued by the life and writings of Dr. Benjamin Rush, the man responsible for founding the college. During a period of American history characterized by dramatic

---

<sup>4</sup>Bill Durden, "Leadership, Language Study, and Global Sensibility," keynote address delivered at the East Asia Regional Council of Overseas Schools (EARCOS), Ho Chi Minh City, Vietnam, November 2, 2004, <http://www.dickinson.edu/about/president/earcos.html>.

change in political, social, and economic affairs, Rush had articulated a clear and compelling vision for Dickinson. Unfortunately, in rather short order, those managing college affairs chose to disregard Rush and dismiss some of the central elements of his plan. Soon thereafter, Rush and his vision faded as guiding lights: by the 1900s, new generations of Dickinson faculty and students—including Durden when he was an undergraduate—never heard much at all from old hands about the man, his efforts, or his ideas.

Through his various life experiences, Durden had developed a somewhat non-traditional view about leadership. First, while he was a voracious reader, he did not spend much time with popular books about business management. Instead, he far preferred to read works of literature and visit museums for insights about human nature and group dynamics. Second, he had come to appreciate the power of a leadership story for motivating and channeling the energies of members of an organization. In his various posts, he always asked himself and those around him, “What is our story?” and given the story, “How are we doing?”<sup>5</sup> Durden now wondered, could Rush’s vision and the history surrounding the college’s origin be translated into a leadership story that informed the strategic plan and helped establish a strong sense of identity among members of the Dickinson community?

## Turbulent Events; Clear Vision (1681–1783)

### Early History of Pennsylvania and of Carlisle<sup>6</sup>

William Penn was born in London in 1644 to a family of wealth and status—his father was

Admiral Sir William Penn. He gradually gravitated to the beliefs of the Society of Friends, or Quakers, then a persecuted sect. Despite his conversion, he retained the trust of the Duke of York (later King James II) and thus good social standing at the King’s Court. Given his beliefs, Penn petitioned the Crown for land in the Americas that might serve as a haven for those of all religious persuasions. Ultimately—and at least in part due to an outstanding debt of £16,000 owed to the estate of the admiral, who had passed away in 1670—King Charles II signed the Charter of Pennsylvania, named in honor of the elder Penn, in March of 1681. Later that year, Penn visited the colony and summoned a general assembly. Under the charter, while officials bearing the title lieutenant-governor would represent the interests of the Penn family, the assembly would concentrate on matters of concern to residents.

During the 1700s, immigrants to the colony tended to cluster according to their heritage. English Quakers and Anglicans gathered in the southeast, in and around Philadelphia, which became a vibrant center for commercial, political, and intellectual life. Germans, many among them followers of the Lutheran faith, tended to move to the central part of the colony and take up farming. Scottish and Irish settled further west and were primarily frontiersmen and practitioners of Presbyterianism.

To help shape development, in 1750 the Assembly established Cumberland County, which included all of Pennsylvania west of the Susquehanna River. In 1751, Carlisle, a community of between 500 and 1,000 people, who were mostly of Scottish-Irish descent, was designated as the county seat.<sup>7</sup>

In the 1750s, hostilities broke out between settlers and Indian tribes, and then between

<sup>5</sup>Bill Durden, comments as guest lecturer, February 6, 2007.

<sup>6</sup>Most of this section is based on information found at the web site of the Pennsylvania Historical and Museum Commission: <http://www.phmc.state.pa.us/bah/pahist/quaker.asp>, accessed July 2, 2007.

<sup>7</sup>Charles Coleman Sellers provides a nice sketch of the history of Carlisle and the town’s most prominent citizens in *Dickinson College: A History*, Wesleyan University Press, Middletown, CT, 1973, chapter 2. A digital version of the book is available at [http://chronicles.dickinson.edu/histories/sellers/toc\\_frame.html](http://chronicles.dickinson.edu/histories/sellers/toc_frame.html).

the British and the French over lands in the Allegheny Mountains and the Ohio River Valley. Carlisle served as an outpost for royal and provincial militias heading west, a place “where the wagon roads ended and the pack horse trails began.”<sup>8</sup> By 1756, when the French and Indian War was officially declared, defenses in Carlisle had been fortified. By 1758, Carlisle was a boom town, with some speculating it might grow into a metropolis.<sup>9</sup>

In the 1750s and 1760s, Carlisle was also witness to a power struggle between two factions of Presbyterians, one that was being waged on a larger scale in congregations, grammar schools, and colleges throughout the colonies. Generally speaking, the Old Side (conservatives) displayed the two defining characteristics of the religion: they organized themselves into a traditional governance structure, under which congregations belonged to presbyteries, and presbyteries to synods; and they accepted traditional Calvinist theology, which asserted that God had to intervene in order for an individual to achieve salvation—essentially, a form of predestination that dismissed the relevance of human volition and self-reliance in shaping one’s spiritual destiny. The New Side (progressives) had no quarrel with governance structure, but influenced by the Enlightenment, they saw a greater role for the individual: a person could evaluate scripture, attempt moral self-improvement, and in a moment of transformation be touched by God’s grace and experience a personal “revival.”<sup>10</sup> In Carlisle, while members of the Old Side maintained a dominant position in the local congregation, advocates of New Side principles established a foothold.

By the late 1760s, a Carlisle minister had begun to offer lessons to the boys living in the town. In 1772, construction of a church, under the leadership of an Old Side clergyman was completed, and it afforded space for regular school lessons. In keeping with the practices found in grammar schools of the day, boys 10 years of age and older studied moral philosophy (“the application of sound doctrine to right living”), Latin, Greek, and other topics. Schools such as this were only a step below and in some cases were an adjunct to the handful of colleges that had been established in the colonies.<sup>11</sup> In 1773, the Assembly granted a deed to a plot of land for a grammar school in Carlisle. Nine of Carlisle’s most prominent residents, men who had achieved their status through their military, church, or commercial activities, were named to the school board.<sup>12</sup> While the school was immediately successful, the outbreak of the American Revolutionary War distracted all parties from the task of constructing a schoolhouse. Lessons continued to be held in the Presbyterian Church.

In 1781, the trustees were finally able to initiate construction of a new building. They also were intent on requesting a formal charter from the assembly, a document that would give the school status as a permanent corporation. In 1782, Colonel John Montgomery, one of the trustees, shared news of those developments with Dr. Benjamin Rush. Rush, who believed that an educated citizenry was the key to preserving liberties that had been earned during the American War for Independence, became intrigued—and a bit obsessed—by

<sup>8</sup>Ibid, p. 22.

<sup>9</sup>Ibid, p. 22 and p. 31.

<sup>10</sup>D. G. Hart and John R. Muether, “Turning Points in American Presbyterian History Part 3: Old Side versus New Side, 1741-1758,” New Horizons, web site of the Orthodox Presbyterian Church, [http://www.opc.org/nh.html?article\\_id=46](http://www.opc.org/nh.html?article_id=46) and The American Presbyterian Church, History of American Presbyterianism, <http://www.americanpresbyterianchurch.org/htm>.

<sup>11</sup>Charles Coleman Sellers, *Dickinson College: A History*, Wesleyan University Press, Middletown, CT, 1973, p. 3.

<sup>12</sup>James Henry Morgan, *Dickinson College: The History of One Hundred and Fifty Years 1783-1933*, Mount Pleasant Press, Carlisle, PA, 1933, Chapter 1. The book is also available in digital form at [http://chronicles.dickinson.edu/histories/morgan/chapter\\_1.html](http://chronicles.dickinson.edu/histories/morgan/chapter_1.html).

the prospect of establishing a college in Carlisle.<sup>13</sup> Within a year Rush, in consultation with Montgomery and in conjunction with his compatriot and friend John Dickinson, would see his vision become a reality.

### **John Dickinson and Benjamin Rush: Founding Fathers of a New Country<sup>14</sup>**

John Dickinson was born in 1732 and was raised as a Quaker, on his family's Maryland wheat and tobacco plantation. He received his higher education in London. Upon his return to the colonies, he settled in Philadelphia, began the practice of law, and was elected to the Pennsylvania Assembly. Dickinson became more deeply involved in public affairs when parliament levied the Stamp Act of 1765. Under the pen name A Farmer, he wrote 12 powerful essays that were published in newspapers throughout the colonies. Therein, he criticized the act on the grounds that it contradicted traditional English liberties, citing legal authorities and the works of antiquity to buttress his arguments. He was elected to the First Continental Congress of 1774 and made a significant contribution by drafting declarations in the name of that body. He was also elected to the Second Continental Congress.

On June 7, 1776, Richard Henry Lee of Virginia introduced a resolution in the Second Congress declaring the union with Great Britain dissolved, proposing the formation of foreign alliances, and suggesting the drafting of a plan of confederation to be submitted to the respective states. Dickinson stood in opposition, believing the colonies should first form a confederation before declaring independence from Great Britain.

One month later, on July 4, 1776, Dickinson held to his principles and in an act of moral courage, did not sign the Declaration of Independence. Given Dickinson's opposition to the declaration, he was assigned to a committee to draw up Articles of Confederation. The Congress was unable to reach agreement on the articles until November 17, 1777, at which time the articles were forwarded to each of the thirteen states. The articles were finally approved by a sufficient number to become operative on July 9, 1778.

At the conclusion of the Congress, Dickinson took a position as a colonel in the Continental Army. However, he eventually resigned his commission, due to what he interpreted as a series of insults stemming from the public stance he had taken. While there is a mixed record, some accounts suggest he subsequently served as a private soldier at the Battle of Brandywine. Following that service, he remained centrally involved in political affairs. In 1782, Dickinson was elected president of the Supreme Executive Council of Pennsylvania, a post equivalent to a modern day governor. In 1786 he participated in and was elected president of a convention at Annapolis to revise the Articles of Confederation. The brief session was soon adjourned, in favor of a constitutional convention held in Philadelphia from May to September, 1787. In the latter gathering, Dickinson drafted passages that dealt with the election of and powers for the President of the United States. The constitution was completed in 1787. To promote ratification, Dickinson wrote nine widely read essays under the pen name Fabius. The constitution was adopted in 1788 and took effect in 1789, thereby replacing the Articles of Confederation. While amended over time, it is the oldest, operative, written

<sup>13</sup>Charles Coleman Sellers, *Dickinson College: A History*, Wesleyan University Press, Middletown, CT, 1973, chapter 3 provides a history of the grammar school.

<sup>14</sup>This section is based on a range of sources, including the respective entries for Benjamin Rush and John Dickinson found in the Chronicles of Dickinson College, *Encyclopedia Dickinsonia*, [http://chronicles.dickinson.edu/encyclo/r/ed\\_rushB.html](http://chronicles.dickinson.edu/encyclo/r/ed_rushB.html) and [http://chronicles.dickinson.edu/encyclo/d/ed\\_dickinsonJ.html](http://chronicles.dickinson.edu/encyclo/d/ed_dickinsonJ.html), as well as a variety of other web sites dealing with John Dickinson, Richard Henry Lee and the Second Continental Congress.

constitution in the world. Given his patriotic efforts, Dickinson earned a spot in U.S. history as the “Penman of the Revolution.”

Benjamin Rush was born in 1745 on a farm near Philadelphia. He was raised in the Calvinist tradition. He earned his bachelor’s degree in 1760 from the University of New Jersey (subsequently renamed Princeton), returned to Philadelphia and studied medicine from 1761 until 1766, and then moved abroad and earned a degree in medicine from the University of Edinburgh (Scotland) in June 1768. He returned once again to Philadelphia in 1769 and started a private practice while also serving as the professor of chemistry at the College of Philadelphia. He wrote essays on a range of subjects. His commentary about the emerging crisis between the colonies and Britain brought him into association with men such as John Adams and Thomas Jefferson. When the American Revolutionary War broke out in 1775, Rush joined the Continental Army as a surgeon and physician. In June 1776, he was appointed to the Second Continental Congress. Unlike Dickinson, when the time came, he chose to sign the declaration.

In April 1777, Rush was appointed surgeon-general of the Continental Army. However, he soon became embroiled in a dispute with Dr. William Shippen, Jr., director of hospitals for the Continental Army, about medical conditions for the troops. He wrote letters about his concerns to key persons, including Commander in Chief George Washington.<sup>15</sup> When he received no answers, Rush wrote a letter to Patrick Henry; therein, he repeated his concerns and expressed doubts about Washington’s leadership.<sup>16</sup> After Henry disclosed the contents of the letter to Washington, Rush was asked to appear before a congressional committee. The committee sided with Shippen, prompting Rush to resign his

commission. Nonetheless, Rush would not let the matter drop. He continued to write letters to Washington and other leaders, claiming that Shippen was guilty not only of mismanagement, but also of selling supplies intended for patients for his own profit. In one such letter to Nathaniel Greene, he unleashed his scathing wit.

I find from examining Dr. Shippen’s return of the numbers who die in the hospitals that I was mistaken in the accounts I gave of that matter in my letters to you. . . . All I can say in apology for this mistake is that I was deceived by counting the number of coffins that were daily put under ground. From their weight and smell I am persuaded they contained hospital patients in them, and if they were not dead I hope some steps will be taken for the future to prevent and punish the crime of burying Continental soldiers alive.<sup>17</sup>

In January of 1780, Shippen was arrested. In what was regarded as an “irregular trial,” which included Shippen wine and dining members of the hearing board, he was acquitted by one vote.<sup>18</sup> Rush eventually repaired his private relationship with Washington, but given that Washington had already started his rise to god-like status at the time of Rush’s letter to Patrick Henry, the incident undermined Rush’s public reputation for a number of years to come.

Rush returned to his practice in Philadelphia in 1778. In 1780, he began to lecture at the new University of the State of Pennsylvania. In 1783, Rush joined the staff of the Pennsylvania Hospital. He was relentless in his efforts to help battle the yellow fever epidemics which repeatedly surfaced in Philadelphia between 1793 and

<sup>15</sup> *Letters of Benjamin Rush*, Princeton University Press, Princeton, NJ, 1951, Volume 1, p. 180–182.

<sup>16</sup> *Ibid.*, p. 182–183.

<sup>17</sup> *Ibid.*, p. 195.

<sup>18</sup> “William Shippen, Jr.,” University of Pennsylvania Archives, [http://www.archives.upenn.edu/histy/features/1700s/people/shippen\\_wm\\_jr.html](http://www.archives.upenn.edu/histy/features/1700s/people/shippen_wm_jr.html), accessed September 23, 2007.

1800; however, he was excoriated by some contemporaries for his aggressive advocacy and use of purging (bleeding) as proper treatment for the disease. Ultimately, he gained the reputation as a pioneer, credited with writing the first textbook published in the United States in the field of chemistry and the first major treatise on psychiatry. At the time of his death in 1813, he was regarded as the preeminent physician in the United States.

In 1787, Rush briefly reentered politics: he actively advocated ratification of the constitution and was appointed to the ratifying convention for the state. Of greater significance, Rush was an ardent social activist—he helped found the Pennsylvania Society for Promoting the Abolition of Slavery—and a prolific writer, advocating prison reform, abolition of capital punishment, temperance, better treatment of mental illness, universal health care, and a robust system of education. In 1797, he was appointed by President John Adams to be treasurer of the United States Mint, a post he occupied until he passed away.

### Rush's Values and World View

Rush was a complex character. He accumulated an enormous breadth of formal knowledge, was a keen observer of everyday events, and was able to engage in either detailed analysis or sweeping generalization. He was a man of principle who would not back down in the face of pressure. At times, he was charming and persuasive, at others, nasty and domineering. While he could be a loyal, devoted, and caring friend, he sometimes abruptly turned on those who did not share his sentiments or opinions, and only later sought reconciliation.

All of Rush's efforts to institute social reforms and promote the cause of education in the new country were informed by his assertion

that the struggle for independence was a never ending process, illustrated for example by a public statement he made in 1787.

There is nothing more common than to confound the terms of American Revolution with those of the late American war. The American war is over; but this is far from being the case with the American Revolution. On the contrary, nothing but the first act of the great drama is closed.<sup>19</sup>

Rush was the type of man who, as the years passed by, could be found arguing positions he had previously rejected—at times he even appeared to be self-contradictory.<sup>20</sup> Despite that tendency, at the most fundamental level he was concerned with two sets of relations: the configuration of social institutions such as family, church, school, and state; and the role of the individual within the context of those institutions.

Rush was informed by and contributed to three major intellectual movements of his time. First was the Scottish Enlightenment.<sup>21</sup> The University of Edinburgh, where Rush received his medical training, was an important center of the movement. Like their French counterparts, Scotsmen wrote about the power of the human mind to uncover the logic of natural laws, and celebrated the scientific achievements of the 17th century. However, they had an additional point of emphasis: they were concerned that Scotland, which in 1707 had been unified with an economically superior England, risked becoming a poverty-stricken backwater. Thus, men such as David Hume and Adam Smith investigated moral philosophy, history, and political economy in order to better understand the process of economic growth and development, in hope of applying insights and keeping Scotland economically vibrant.

<sup>19</sup>*Letters of Benjamin Rush*, Princeton University Press, Princeton, NJ, 1951, Volume 1, p. lxviii.

<sup>20</sup>*Ibid.*, introduction.

<sup>21</sup>Department of Economics, New School for Social Research, "Scottish Enlightenment," The History of Economic Thought <http://cepa.newschool.edu/het/schools/scottish.htm>.

Second, Rush was raised as a Calvinist. He gradually became sympathetic to the teachings of the New Side Presbyterians. The College of New Jersey was decidedly Presbyterian in its affiliation. While at Edinburgh, Rush, acting at the behest of some of the College of New Jersey Trustees, wrote to and visited with the progressive Scottish clergyman John Witherspoon, and convinced Witherspoon and his wife that Witherspoon should accept the presidency of the college. That was a maneuver important in the ongoing struggle being waged at the school between Old Side and New Side factions. Nonetheless, in later years, Rush became frustrated with Presbyterian elders and began to attend services of various Christian faiths. Even later in life, he withdrew to his own private reflections on religious matters.

Third, in terms of political philosophy, Rush's position also changed. In the years preceding the American Revolution, he was radical in his beliefs, calling for an overthrow of existing authority. As the prospect of independence became more certain, Rush became more conservative. For example, in the early 1780s, he asserted that democracy "meant rule by an elite drawn from the whole," with the elite reflecting the influence of God's grace.<sup>22</sup> A few years later, in the debate regarding the need for a bill of rights in the U.S. Constitution, Rush was sympathetic to the conservative views associated with the Federalist Party of John Adams, and stood in opposition to the Democrat-Republicans and Thomas Jefferson, who favored a more egalitarian concept of democracy.

There can be only two securities for liberty in any government . . . representation and checks. By the first the rights of the people, and by the second the rights of representation, are effectively secured. Every part of a free

constitution hangs upon these two points; and these form the two capital features of the proposed Constitution of the United States. Without them, a volume of rights would avail nothing; and with them, a declaration of rights is absurd and unnecessary.<sup>23</sup>

In the presidential election of 1796, however, he favored Jefferson, who was defeated by Adams. In the early 1800s, he maintained a steady correspondence with Jefferson, who by that time had been elected president, as well as with Adams.

In 1797, when Rush was seeking the position at the U.S. Mint, Judge Richard Peters, a long-time Philadelphia Federalist, was asked by Secretary of State Pickering to provide a written evaluation of Rush. Peters suggested that Rush had made a series of bad political choices over time—he had after all, gravitated to the Democrat-Republicans—and had suffered from the Shippen affair. But he went on to say the following.

I lament his Want of Stability, for he certainly has great Merit, unshaken Integrity & eminent Talents. . . . I admire his Abilities, lament his Foibles, & with them all sincerely love him, therefore I cannot but wish him gratified.<sup>24</sup>

## Securing a College Charter<sup>25</sup>

Rush imagined that the college in Carlisle would be part of a larger system that also included a handful of colleges located throughout the state and a university in Philadelphia. At the outset, it would be located at the site of the grammar school. He initially asserted that it should be affiliated with one religion—in this case the Presbyterian Church—and that a symbiotic relationship existed between religion and learning.

<sup>22</sup>Charles Coleman Sellers, *Dickinson College: A History*, Wesleyan University Press, Middletown, CT, 1973, p. 53.

<sup>23</sup>*Letters of Benjamin Rush*, Princeton University Press, Princeton, NJ, 1951, Volume 1, p. 453.

<sup>24</sup>*Ibid*, p. 1210.

<sup>25</sup>The following paragraph is based on James Henry Morgan, *Dickinson College: The History of One Hundred and Fifty Years 1783–1933*, Mount Pleasant Press, Carlisle, PA, 1933, chapter 2.

Religion is best supported under the patronage of particular societies. Instead of encouraging bigotry, I believe it prevents it by removing young men from those opportunities of controversy which a variety of sects mixed together are apt to create and which are the certain fuel of bigotry. Religion is necessary to correct the effects of learning. Without religion I believe learning does real mischief to the morals and principles of mankind; a mode of worship is necessary to support religion; and education is the surest way of producing a preference and constant attachment to a mode of worship.<sup>26</sup>

Rush soon realized that in order to achieve his objective of founding a college, he would have to win the support of three groups of constituents. First were the leaders of Carlisle, for although Montgomery endorsed the idea, others who were on the board of the grammar school were resistant. Second was the Donegal Presbytery, composed of elders from congregations located in communities throughout the region. Third was the Assembly of Pennsylvania. The need to win over the last group led him to retreat from the notion of an exclusive affiliation with the Presbyterian Church, and to consider a non-sectarian school, one that could be endorsed by clergymen of other Christian faiths including the Lutherans, and could eventually win financial support from the assembly.

Thus, during the first eight months of 1783, Rush adapted four sets of tactics. First, he contacted influential and wealthy friends from Philadelphia to elicit political support and financial commitments for the college. Among those he visited was John Dickinson, who was by that time the president of the Supreme Executive Council of Pennsylvania. Dickinson rejected Rush's first proposal to name the school John

and Mary's College after Dickinson and his wife, on grounds that it sounded too much like the College of William and Mary, which had been named for British royalty; however, he gradually warmed to the idea of a college that would bear his family name.<sup>27</sup> Second, Rush wrote letters to those he knew objected to the plan, and made his case for a school: it would obviate the need for young men from the Carlisle region to travel to Philadelphia or New Jersey for an education; and it would contribute to the emergence of a new commercial center in Carlisle, thereby raising land prices and creating better economic balance with Philadelphia, which dominated the eastern part of the state.<sup>28</sup> Third, in light of the heavy Scottish-Irish presence in the region, Rush argued that the college would provide a sound educational foundation to young men who aspired to be ministers in the Presbyterian Church. Fourth, he told those he contacted about the pledges of money and support he had already earned from others, and held out the promise of positions on the board of trustees of the college to people representing different professions, religions, and parts of Pennsylvania. As Rush acknowledged, the going was not easy.

[One group of opponents] accuse us of an attempt to divide the Presbyterians . . . [To some groups] they say our college is to be a nursery . . . of the Old Lights [Old Side]—with the Old Lights they accuse us of a design to spread the enthusiasm of the New Lights [New Side] through the state. . . . In some of their letters and conversations I am considered as a fool and a madman. In others I am considered as a sly, persevering, and dangerous kind of fellow. Almost every epithet of ridicule and resentment in our language has been exhausted upon me in public newspapers and in private cabals since the

<sup>26</sup> *Letters of Benjamin Rush*, Princeton University Press, Princeton, NJ, 1951, Volume 1, p. 294–295.

<sup>27</sup> Charles Coleman Sellers, *Dickinson College: A History*, Wesleyan University Press, Middletown, CT, 1973, p. 55.

<sup>28</sup> *Letters of Benjamin Rush*, Princeton University Press, Princeton, NJ, 1951, Volume 1, p. 294–296.

humble part I have acted in endeavoring to found a college at Carlisle.<sup>29</sup>

Nonetheless, his methods worked. He successfully neutralized critics in Carlisle. In spring of 1783, the Donegal Presbytery endorsed the idea of a college. And, on September 9, 1783, by a margin of only four votes, the General Assembly of Pennsylvania approved the Dickinson College charter, entitled “An act for the establishment of a college at the borough of Carlisle, in the county of Cumberland, in the state of Pennsylvania.”<sup>30</sup>

The date of the charter fell only six days after the September 3, 1783, signing of the Treaty of Paris, an event that formally ended the American Revolutionary War and included recognition by the United Kingdom and by France of the thirteen colonies as independent states.

### Rush’s Vision for the New College

Rush’s philosophical leanings informed his vision of a Dickinson education. At the third Carlisle meeting of August 1785, Rush shared his “Plan of Education for Dickinson College.” The original document, which survived, is filled with notations, suggesting Rush’s plan was modified during conversations with other board members. The initial curriculum actually approved by the board included instruction in six major areas of study: (1) philosophy of the mind, moral philosophy and belles lettres (the translation from French is “fine letters” or “fine literature”), economics, and sociology; (2) Greek and Latin; (3) history and chronology; (4) mathematics; (5) English; and (6) natural philosophy (science).

As far as Rush was concerned, the curriculum was not ideal. For example, in his plan,

Rush had placed chemistry in the same cluster of courses as mathematics and natural philosophy; but it was lined through. Given that Rush was one of the leading experts in the field in the United States, and that he believed that chemistry was fundamental to other sciences and could be applied to fields of practical importance in the new nation, such as agriculture and manufacturing, the omission of chemistry as a stand-alone topic in the initial Dickinson curriculum had to be a source of frustration to him: indeed, the first professor in that field did not arrive at Dickinson until 1810.<sup>31</sup> Furthermore, while Rush believed that history and government were critical courses, he downplayed the significance of moral philosophy. Finally, despite his low opinion regarding the study of Greek and Latin, he had made a strong concession: in light of the central place those languages held in the education of the times, they should be included in Dickinson’s program. But he did expect that modern languages such as French and German should also be taught.<sup>32</sup> However, as was the case with chemistry, the first faculty member who was expert in Spanish, Italian and French did not arrive on the scene until 25 years had passed. It took even longer for a professor of German to come to Dickinson.

Rush’s disappointment with the shape of the initial Dickinson curriculum did not stop him from speaking out and staying involved in educational reforms. In 1786, Rush wrote the first version of an essay entitled, “Upon the spirit of education proper for the College in a Republican State,” in which he more clearly and fully articulated his view of the purpose, principles, and content of the education that should be provided at Dickinson College (see Exhibit 1).

<sup>29</sup>Ibid, p. 299–300.

<sup>30</sup>A digital copy of the original charter is available at the Chronicles of Dickinson College, [http://chronicles.dickinson.edu/archives/charter\\_orig/](http://chronicles.dickinson.edu/archives/charter_orig/). A digital copy of the original plus subsequent amendments through 1966 is available at [http://chronicles.dickinson.edu/archives/charter\\_1966/charter.html#amendments](http://chronicles.dickinson.edu/archives/charter_1966/charter.html#amendments).

<sup>31</sup>Charles Coleman Sellers, *Dickinson College: A History*, Wesleyan University Press, Middletown, CT, 1973, Appendix A, p. 507–508.

<sup>32</sup>Ibid, p. 81–82.

**Exhibit 1****Selected Passages From Benjamin Rush,  
"Of the Mode of Education Proper in a Republic"**

The business of education has acquired a new complexion by the independence of our country. . . . An education in our own, is to be preferred to an education in a foreign country. The principle of patriotism stands in need of the reinforcement of prejudice . . . formed in the first one and twenty years of our lives.

Our schools of learning, by producing one general, and uniform system of education, will render the mass of the people more homogenous, and thereby fit them more easily for uniform and peaceable government.

The only foundation for a useful education in a republic is to be laid in Religion. Without this there can be no virtue, and without virtue there can be no liberty, and liberty is the object and life of all republican governments. . . .

Next to the duty which young men owe to their Creator, I wish to see a regard to their country, inculcated upon them. [Our student] . . . must love private life, but he must decline no station . . . when called to it by the suffrages of his fellow citizens. . . . He must avoid neutrality in all questions that divide the state, but he must shun the rage, and acrimony of party spirit.

[To improve students' ability to absorb their lessons] it will be necessary to subject their bodies to physical discipline. . . . [T]hey should live upon a temperate diet . . . should avoid tasting Spirituous liquors. They should also be accustomed occasionally to work with their hands. . . . [They should receive guidance on] those great principles in human conduct—sensibility, habit, imitations and association.

[Students should not be crowded] together under one roof for the purpose of education. The practice is . . . unfavorable to the improvements of the mind in useful learning. . . . [If we require them to separately live in private households] we improve their manners, by subjecting them to those restraints which the difference of age and sex, naturally produce in private families.

A knowledge of [the American language is essential] . . . to young men intended for the professions of law, physic, or divinity . . . [and] in a state which boasts of the first commercial city in America.

The French and German languages should . . . be . . . taught in all our Colleges. They abound with useful books upon all subjects.

Eloquence . . . is the first accomplishment in a republic . . . We do not extol it too highly when we attribute as much to the power of eloquence as to the sword, in bringing about the American Revolution.

History and Chronology [are important because the] . . . science of government, whether . . . related to constitutions or laws, can only be advanced by a careful selection of facts, [especially those related to the] . . . history of the ancient republics, and the progress of liberty and tyranny in the different states of Europe.

*(Continued)*

(Continued)

Commerce . . . [is] . . . the best security against the influence of hereditary monopolies of land, and, therefore, the surest protection against aristocracy. I consider its effects as next to those of religion in humanizing mankind, and lastly, I view it as the means of uniting the different nations of the world together by the ties of mutual wants and obligations.

Chemistry by unfolding to us the effects of heat and mixture, enlarges our acquaintance with the wonders of nature and the mysteries of art . . . [and is particularly important] [i]n a young country, where improvements in agriculture and manufactures are so much to be desired.

[T]he general principles of legislation, whether they relate to revenue, or to the preservation of liberty or property . . . [should be examined, and towards this end, a student should] be directed frequently to attend the courts of justice . . . [and for this reason] colleges [should be] established only in county towns.

[T]he prerogatives of the national government . . . [should be studied, including] those laws and forms, which unite the sovereigns of the earth, or separate them from each other.

[W]omen in a republic . . . should be taught the principles of liberty and government; and the obligations of patriotism should be inculcated upon them.

**SOURCE:** Selected by the case author from Benjamin Rush, "Of the Mode of Education Proper in a Republic," *Essays, Literary, Moral & Philosophical*, printed by Thomas and Samuel F. Bradford, Philadelphia 1798: (available in digital form at <http://deila.dickinson.edu/theirownwords/title/0021.htm>; accessed July 23, 2007).

He asserted that a liberal education should be informed by the core values associated with religious doctrine—especially that of the New Testament—in order to cultivate virtue; in turn, virtue was essential to liberty, and liberty to a republican form of government. An education should promote a sense of homogeneity, civic duty, and patriotism among young men and women who had a critical role to play in shaping the new nation. With respect to the residential experience, students should live with host families rather than in dormitories, in order to learn civility and to develop an appreciation of family values. In terms of life style, students should have a balanced diet, avoid consuming liquor, and be exposed to rigorous physical activity and manual labor, all for the purpose of learning discipline and achieving balance in the conduct of life and affairs. A college should be located in

a county seat, so that students could leave the classroom, visit the courthouse and witness government in action. The curriculum should not be preoccupied with the classics, but instead should include subjects—from history, to contemporary foreign languages such as French and German, to mathematics and chemistry—that were useful, that would help strengthen the intellectual, economic, political, and technical foundations of the new republic.

In "Thoughts on Female Education" written in 1787, he argued that in America, which had fewer class distinctions and a lower prevalence of servants than did England, a woman needed an education so she could be a partner to her husband in managing household property and affairs.<sup>33</sup> In "Observations on the Study of Greek and Latin," written in 1791, Rush posited that because useful knowledge was

<sup>33</sup>Benjamin Rush, "Thoughts Upon Female Education, Accommodated to the Present State of Society, Manners, and Government in the United States of America—July 28, 1787," *Essays Literary, Moral, and Philosophical*, Thomas & Samuel F. Bradford, Philadelphia, 1798, available in digital form at <http://deila.dickinson.edu/cdm4/document.php?CISOROOT=/ownwords&CISOPTR=19843>.

disseminated in contemporary languages, time spent studying Greek and Latin crowded out topics more relevant to a republic.<sup>34</sup> He also pointed to the instrumental and intrinsic nature of a liberal education.

The great design of a liberal education is to prepare youth for usefulness here, and happiness hereafter.<sup>35</sup>

Citing rationales similar to those he cited when founding Dickinson, Rush continued to endorse other educational initiatives. For example—and perhaps a reflection of his disappointment about the absence of German language at Dickinson<sup>36</sup>—he helped found in 1787, in Lancaster, Pennsylvania—located only 55 miles from Carlisle—the German College, which was subsequently named Franklin College and even later Franklin and Marshall College. Since instruction would be in English, he believed the school would help German-speaking citizens in that part of the state be more quickly assimilated and eliminate barriers between them and English speaking inhabitants. Meanwhile, he felt that capability in German could be preserved, and employed to understand books and articles from the sciences and other fields written in that language. He also believed the school would help unite the Calvinists and Lutherans among the German population.<sup>37</sup>

As another illustration of his thinking, in 1788, Rush publicly advocated a federal university to help prepare youth for civil and professional life, one which students would attend after completing a college education in their respective home states.<sup>38</sup> A promising handful

should be deployed to Europe, and others selected to travel the United States, to collect insights on the latest innovations in agriculture, manufacturing, commerce, the art of war, and practical government, in order to report these to their faculty. The purpose of the curriculum for the University was much like that he had proposed for Dickinson College: it should be forward looking and practical in its orientation.

While the business of doing education in Europe consists in lectures upon the ruins of Palmyra and the antiquities of Herculaneum, or in disputes about Hebrew points, Greek particles, or the accent and quantity of the Roman language, the youth of America will be employed in acquiring those branches of knowledge which increase the conveniences of life, lessen human misery, improve our country, promote population, exalt the human understanding, and establish domestic social, and political happiness.<sup>39</sup>

### Rush and Nisbet<sup>40</sup>

On the important question of who should serve as the first headmaster, Rush strongly endorsed a well renowned scholar Dr. Charles Nisbet of Montrose, Scotland, who had completed his studies at Edinburgh in 1754—twelve years prior to the time when Rush started his studies—and was also deeply influenced by the Scottish

<sup>34</sup>Benjamin Rush, “Observations on the Study of Latin and Greek Languages, As a Branch of Liberal Education, With Hints of a Plan of Liberal Instruction, Without Them, Accommodated to the Present State of Society, Manners, and Government in the United States—August 24, 1791,” *Essays Literary, Moral, and Philosophical*, Thomas & Samuel F. Bradford, Philadelphia, 1798, p. 21, available in digital form at <http://deila.dickinson.edu/cdm4/document.php?CISOROOT=/ownwords&CISOPTR=19843>.

<sup>35</sup>*Ibid.*, p. 27.

<sup>36</sup>This possibility was suggested by Bill Durden, interview with the case author, October 23, 2007.

<sup>37</sup>*Letters of Benjamin Rush*, Princeton University Press, Princeton, NJ, 1951, Volume 1, p. 420–429.

<sup>38</sup>*Ibid.*, p. 491–495.

<sup>39</sup>*Ibid.*, p. 494.

<sup>40</sup>This section is primarily based on James Henry Morgan, *Dickinson College: The History of One Hundred and Fifty Years 1783–1933*, Mount Pleasant Press, Carlisle, PA, 1933, chapter 4.

Enlightenment. Rush had first heard of Nisbet when John Witherspoon, who had initially declined the invitation to become president of the College of New Jersey, had suggested Nisbet as a worthy candidate. At their April 1784 meeting, the board unanimously elected Nisbet the first principal of the college. Following that meeting, John Dickinson, as chairman of the board of trustees, wrote to Nisbet, informing him about the position. Nisbet was not initially eager for the job. Thus, from December 1783 to June 1784, Rush took it upon himself to write letters to Nisbet, describing in enthusiastic if not hyperbolic terms the prospects for the college.

The trustees of Dickinson College are to meet at Carlisle on the 6th of next April to choose a principal for the College. I have taken great pains to direct their attention and votes to you. From the situation and other advantages of that College, it must soon be the first in America. It is the key to our western world.<sup>41</sup>

[T]he public is more filled than ever with expectations from your character. They destine our College to be the FIRST IN AMERICA under your direction and government. [Rush provided the emphasis in his original letter].<sup>42</sup>

Our prospects . . . brighten daily. . . . Indeed, Sir, every finger of the hand of Heaven has been visible in our behalf. . . . Dickinson College, with Dr. Nisbet at its head, bids fair for being the first literary institution in America.<sup>43</sup>

Rush's repetition of the phrase "first in America" in his series of letters was provocative,

for it had two possible meanings: Dickinson would become the foremost college in the new country, in terms of quality; and, in light of the date September 9, 1783, coming as it did only six days after the signing of the Treaty of Paris, Dickinson had been the first college to receive a charter in the newly recognized country.

Nisbet ultimately succumbed to Rush's persuasiveness and accepted the post. His first months in America were filled with highs and lows. He arrived with his family in Philadelphia, on June 9, 1785. They stayed with Rush for three weeks before departing for Carlisle on June 30. Rush wrote to a friend, "The more I see of him, the more I love and admire him."<sup>44</sup> Nisbet reached Carlisle on July 4, 1785, took the oath of office the next day, and got to work. Ten days later, July 15, he wrote his first letter to Rush, and was somewhat critical of conditions in Carlisle—for example, he pointed to the need for a new building, describing the grammar school as shabby, dirty, and too small to accommodate all the students. Soon thereafter, he and his entire family contracted malaria. He became demoralized, and in August informed Rush that he had experienced a change of heart, would relinquish the position of principal and return to Scotland as soon as feasible.

Perhaps Rush, like an overly protective parent, was offended by Nisbet's early criticism of the college. Perhaps he was disappointed with Nisbet's lack of resolve. Perhaps he was beginning to get a different read on the man. For whatever reason, by the time of the August 9, 1785, board meeting in Carlisle, Rush had soured on Charles Nisbet. He ignored a note delivered to him on Nisbet's behalf, and did not visit the Nisbet family, who were still convalescing. Nisbet, at first perplexed, grew angry. In the ensuing years, the relationship between the two men remained strained.

<sup>41</sup>*Letters of Benjamin Rush*, Princeton University Press, Princeton, NJ, 1951, Volume 1, p. 316.

<sup>42</sup>*Ibid.*, p. 334.

<sup>43</sup>James Henry Morgan, *Dickinson College: The History of One Hundred and Fifty Years 1783–1933*, Mount Pleasant Press, Carlisle, PA, 1933, chapter 1, p. 31–32.

<sup>44</sup>James Henry Morgan, *Dickinson College: The History of One Hundred and Fifty Years 1783–1933*, Mount Pleasant Press, Carlisle, PA, 1933, p. 34.

## **Glorious Intentions; Disappointing Outcome (1785–1816)**

In summer 1785, the board accepted Nisbet's resignation and appointed faculty member Robert Davidson as acting principal for the first year of classes. At the outset, the attributes of the school bore little resemblance to a modern liberal arts college. The school was in session year round, except for one month breaks in October and May, with commencement occurring on the last Wednesday of September. Fees ranged from \$15 to \$25 per year. The campus consisted of one building, the original Carlisle Grammar School, which had been ceded to the college in 1783. In 1786, the building was enlarged from its original two-story, two-room dimensions. The original faculty consisted of only four professors, including the head of the Grammar School. Enrollment in the classes of 1787 to 1816 fluctuated between zero and 60. Students found it relatively hard to earn an undergraduate degree, as the average number who actually received a diploma during that period was often less than 75 per cent of each class.<sup>45</sup> In terms of scale, Dickinson was typical of the times: for example, in the 1780s, while Columbia College had two professors and some two dozen students, the College of New Jersey had two professors, a provost, and roughly 60 students.<sup>46</sup>

Meanwhile, Nisbet decided he and his family would wait until spring of 1786 to

return to Scotland. Over the winter months, the weather cooled, Nisbet and family recovered their health, and he had a change of heart. By February of 1786, he expressed in writing his desire to be reinstated. While Rush was opposed, the Carlisle-based members of the board rallied to the idea, and in May of 1786 reelected him as first principal of Dickinson College. His performance as principal was influenced by a range of factors, including his own character traits, the structure in place for governing the college, financial pressures, and efforts to construct the first major building on the college campus.<sup>47</sup>

Nisbet was a relentless worker and generally regarded as a brilliant scholar, a man who possessed deep knowledge about an extraordinary range of subjects. In addition to serving as principal, Nisbet carried a full-time teaching load, responsible for lectures in philosophy of the mind, moral philosophy and belles lettres, economics, and sociology. His lectures—which the students wrote verbatim in their notebooks—were remarkable for their breadth and insights. Nisbet was extremely well-liked and admired by his students. Although Nisbet tended to place a higher value on the classics than did Rush, intellectually speaking the two men appeared to be in fundamental agreement about the purpose of a liberal education.<sup>48</sup> Unlike Rush, however, Nisbet remained politically conservative throughout his life. Ultimately, he was not able to sympathize with the dominant values and institutions of the new country

<sup>45</sup>Author's computations, based on information found in "Alumni 1787–1900," *Encyclopedia Dickinsonia*, Dickinson Chronicles, <http://chronicles.dickinson.edu/encyclo/a/alumni/>.

<sup>46</sup>Charles F. Himes, *A Sketch of Dickinson College*, Lane S. Hart, Harrisburg, 1879, Chapter 1, page 3. A digital version of this book is available at the Chronicles of Dickinson College, <http://chronicles.dickinson.edu/histories/himes>, accessed July 23, 2007.

<sup>47</sup>This section is based on James Henry Morgan, *Dickinson College: The History of One Hundred and Fifty Years 1783–1933*, Mount Pleasant Press, Carlisle, PA, 1933, chapters 5–10 and on Charles Coleman Sellers, *Dickinson College: A History*, Wesleyan University Press, Middletown, CT, 1973, chapters 5 and 6.

<sup>48</sup>Dickinson College History Professor John Osborne, interview, September 6, 2007, and Dickinson College Archivist Jim Gerencser, interview, September 7, 2007, each suggested that Rush and Nisbet were actually closer in their way of thinking than one might expect, given the tension in their personal relationship.

and he regarded himself an outsider in his community.<sup>49</sup>

Throughout his administration, Nisbet—who was quite good at being critical of events but quite ineffective at being persuasive<sup>50</sup>—was constrained by his formal relationship with the board of trustees. Under the original charter, neither the principal nor any faculty member could serve on the board, and by 1786, the board had adopted an even more stringent policy—the principal and faculty were prohibited from attending board meetings.

When the charter for Dickinson was being drafted, Rush had endorsed the idea that the president of the college should be subservient to the board of trustees. He based his opinion on what he had observed at the College of Philadelphia: he believed that a controlling and rigid-minded president had dominated the board to the detriment of the school.<sup>51</sup> Nevertheless, Rush objected to this new development at Dickinson on both philosophical and practical grounds. In a letter written to the trustees in October of 1786, Rush wondered why his plan, which had been agreed by the board in August of 1785, had not been adopted. He was particularly concerned that the behavior of the boys was “irregular” and that the faculty was not imposing discipline.

I beg leave to recommend that the trustees would exercise a watchful eye over their own authority, and that they would divide the government of the College among every branch of the faculty agreeably to the spirit and letter of our charter. Unless this be the case, the dignity and usefulness of our teachers will be lessened and destroyed, and the

republican constitution of the College will be reduced to the despotism of a private school. When our professors cease to be qualified to share in the power of the College, it will be proper to dismiss them, for government and instruction are inseparably connected.<sup>52</sup>

However, the situation did not change. Given that making the journey to Carlisle from any of the cities to the east was a difficult undertaking; that seven of the nine Carlisle men who had been on the board of the grammar school were also members of the board of the college; and that only nine people were needed for a quorum, the Carlisle contingent of the board were in a position to dominate college governance and micromanage daily affairs.

In its early history, the endowment of the college never exceeded \$20,200, an amount achieved in 1784. Thus, the endowment did not generate large annual returns. Furthermore, the small number of students paying tuition caused the college to experience budget deficits. Given those difficulties, the trustees repeatedly appealed to the Assembly for assistance; in turn, the Assembly responded with modest annual grants that averaged about \$550 per year. However, budget pressures continued, the college took out loans, and overall debts began to rise.

Furthermore, the college had some difficulties in raising contributions. Rush assigned some of the blame to Nisbet. He believed that when Nisbet announced his decision to retire that first year, and when he continued to publicly complain about the treatment he had received at the hands of Rush and more generally about the state of affairs in America, he did harm to the reputation of the college.<sup>53</sup> By 1799, Rush—who had become

<sup>49</sup>James Henry Morgan, *Dickinson College: The History of One Hundred and Fifty Years 1783-1933*, Mount Pleasant Press, Carlisle, PA, 1933, p. 66.

<sup>50</sup>Charles Coleman Sellers, *Dickinson College: A History*, Wesleyan University Press, Middletown, CT, 1973, p. 79.

<sup>51</sup>*Ibid.*, p. 139–140.

<sup>52</sup>*Letters of Benjamin Rush*, Princeton University Press, Princeton, NJ, 1951, Volume 1, p. 397.

<sup>53</sup>*Letters of Benjamin Rush*, Princeton University Press, Princeton, NJ, 1951, Volume 1, p. 537.

a supporter of Jefferson—was even more distressed that Nisbet was expressing pro-federalist sentiments in his classroom, thus undermining the college's ability to raise contributions from Democratic-Republicans.<sup>54</sup>

In 1800, the board voted to reduce Nisbet's salary from \$1,200 to \$800 per year, to reduce those of the other faculty as well, and to borrow \$2,000. In 1801, the board sold stock worth another \$2,000. In spring 1802, the board stopped making full payment of faculty salaries. Those developments impacted the morale of Nisbet and his faculty.

Meanwhile, in 1799 the college purchased a seven acre parcel of land on the then-existing western boundary of Carlisle, for \$151. The board began to solicit contributions, and on June 20, the cornerstone for a building called New College was set in place. The board hoped construction would be finished by winter, but progress was slow. That fact, along with the college's mounting financial difficulties, fueled speculation that Dickinson would have to close its doors. Finally, in the winter of 1802–1803, New College was receiving final touches: sadly, on February 3, 1803, the building burned to the ground.

In the aftermath of the disaster, the trustees demonstrated their determination. They appealed to the presbytery for financial assistance. They visited Philadelphia, Baltimore, New York and Norfolk to raise funds, and met with success. In Washington DC, they won a personal contribution of \$100 from President Thomas Jefferson, as well as contributions from other important political figures. Buoyed by the inflow of funds, the board solicited help from one of the foremost architects and engineers of the time, Benjamin Latrobe, who graciously agreed to contribute a design for a replacement building larger than the first. The new building—which became known in later decades, when other buildings were added to the campus, as

West College—would be constructed of limestone with brown sandstone accents, and would be multipurpose in nature, providing dormitory, dining hall, chapel, and classroom space for the students and living quarters for the faculty. Once again, Rush had to accept a compromise, as the plan to house students in the building, rather than to have them board with local families, ran counter to his philosophy of education. The cornerstone of the building was laid on August 8, 1803. It was first used for academic purposes in November of 1805.

Charles Nisbet died from complications associated with pneumonia, on January 18, 1804. While they had been at odds for the better part of 20 years, at the last it appears that Rush and Nisbet managed to find some common ground, judging by a letter Rush wrote to Montgomery when Nisbet died.

He has carried out of our world an uncommon stock of every kind of knowledge. Few such men have lived and died in any country. I shall long, long remember with pleasure his last visit to Philadelphia, at which time he dined with me in the company [of two friends]. His conversation was unusually instructing and brilliant, and his anecdotes full of original humor and satire.<sup>55</sup>

Following Nisbet's death, the board once again turned to Robert Davidson<sup>56</sup> to serve as acting principal, a position he held for the next five years. While never formally elected as such, he came to be recognized as the second principal of Dickinson College. Financial pressures were a reality throughout Davidson's tenure. Although Davidson was an outstanding churchman, he was not a successful college president. Of note, John Dickinson, still serving as a trustee of the college, died on February 14, 1808.

<sup>54</sup>Ibid, p. 812.

<sup>55</sup>Ibid, p. 878.

<sup>56</sup>This section is based on James Henry Morgan, *Dickinson College: The History of One Hundred and Fifty Years 1783–1933*, Mount Pleasant Press, Carlisle, PA, 1933, chapter 14.

Davidson was succeeded by Jeremiah Atwater,<sup>57</sup> a Presbyterian who was serving as the first president of Middlebury College when informed of the post at Dickinson. A devout, conservative Presbyterian, he hoped to create a culture at Dickinson based on religious principles, and in this sense was in step with Rush. However, upon his arrival, he was aghast at the state of affairs in Carlisle, complaining in correspondence to Rush that the boys were prone to “drunkenness, swearing, lewdness, & dueling” and the faculty did not take responsibility for imposing discipline.<sup>58</sup> Atwater quickly took steps to introduce the type of discipline typical of that found in the colleges of New England.

During Atwater’s tenure, financial pressures continued to plague the college, especially given efforts to add dining rooms and other features to the interior of the college building. Given the small scale of the college and the relatively low standard of living at the time, the ongoing construction drained resources, consumed the entire endowment, and forced the college into debt. In light of developments, Rush wrote in 1810 about raising tuition, which he understood would limit access to a liberal education.

I wish very much the price of tuition be raised in our College. Let a *learned* education become a luxury in our country. The great increase of wealth among all classes of our citizens will enable them to pay for it with more ease than in former years when wealth was confined chiefly to cities and to the learned professions. Besides, it will check the increasing disproportion of

learning to labor in our country. This suggestion is not intended to lessen the diffusion of knowledge by means of reading, writing, and arithmetic. Let those be as common and as cheap as air. In a republic no man should be a voter or juror without a knowledge of them. They should be a kind of sixth or civil sense. Not so with *learning*. Should it become *universal*, it would be as destructive to civilization as universal barbarism. [Emphasis provided by Rush.]<sup>59</sup>

During the first three years of Atwater’s term, the number of students at the college nearly tripled. But the War of 1812 had a negative impact on student attendance and graduation rates. As time passed, Atwater became increasingly discouraged by the unyielding financial difficulties, and by internal dissension among his faculty. On April 19, 1813, Atwater lost a sympathizer when Benjamin Rush died rather suddenly at his home.

In early 1815, the trustees ordered Atwater and each professor to submit a weekly written report to the secretary of the board that identified all student absences or transgressions. In a corrosive environment of friction among the faculty and hostility between the faculty and the board, that proved to be the last straw. Within the year, Atwater retired from the college, as did the other faculty. The college was in shambles.

In November of 1815, the board elected John McKnight,<sup>60</sup> a professor and member of the board of trustees at Columbia University and influential Presbyterian, to serve as fourth principal of

<sup>57</sup>This section is based on James Henry Morgan, *Dickinson College: The History of One Hundred and Fifty Years 1783–1933*, Mount Pleasant Press, Carlisle, PA, 1933, chapter 15 and Charles Coleman Sellers, *Dickinson College: A History*, Wesleyan University Press, Middletown, CT, 1973, chapter 7.

<sup>58</sup>James Henry Morgan, *Dickinson College: The History of One Hundred and Fifty Years 1783–1933*, Mount Pleasant Press, Carlisle, PA, 1933, p. 183.

<sup>59</sup>*Letters of Benjamin Rush*, Princeton University Press, Princeton, NJ, 1951, Volume 1, p. 1053.

<sup>60</sup>This section and the next are based on James Henry Morgan, *Dickinson College: The History of One Hundred and Fifty Years 1783–1933*, Mount Pleasant Press, Carlisle, PA, 1933, chapter 16.

Dickinson. In December 1815, a Dickinson student was killed in a duel. The incident further undermined the college's reputation. In 1816, the board of trustees closed down the college.

Dickinson remained closed for five years, resumed operations in 1822, and then closed its doors again in 1832.

Despite the enormous strains of the first 50 years and the sad circumstances associated with the closing of the college, many of the young men who attended Dickinson during the era 1785 to 1832 went on to highly successful careers. Their number included ministers; college professors and presidents; secondary school teachers and principals; representatives and senators at the state and national level of government; a U.S. president and members of the executive branches of various administrations; military officers; lawyers and judges; physicians; civil servants; and businessmen.<sup>61</sup>

In order to reopen the college yet again, the board of trustees realized they had to end their loose affiliation with the Presbyterian Church and accept the invitation of the Methodist Episcopal Church to establish an alliance. In 1834, the college was reopened. Over the next 130 years, Dickinson experienced eras of growth and decline. The college's fortunes were influenced by external events, such as wars, economic fluctuations, and shifts in social norms. They were also influenced by internal factors, including the governance structure, the culture and the financial health of the college. Finally, they were influenced by the leadership and management abilities of individual presidents and the relationships each man had been able to forge with various constituents. Throughout that period, Dickinson remained a school with a relatively conservative and parochial culture.

In the 1960s, the college began the lengthy process of separation from the

Methodist Church. By the 1970s, the college was characterized by a culture based on cooperation and collegiality. In that environment, the faculty greatly enhanced the curriculum, as reflected in more breadth in the foreign languages and opportunities for international education; innovative teaching methods in the sciences; interdisciplinary programs of study; and more faculty-student interaction. Dickinson had an enrollment of approximately 1600 students. By the mid-1990s, the relationship between the Methodist Church and Dickinson was cordial—the church continued to hold approximately \$2 million in trust on behalf of the college and conducted its own decennial review of the college's performance. However, the church had no substantive influence on matters related to college policy or strategy.

### Mounting Frustrations

In the early 1980s, the external environment confronting colleges became more challenging: costs of providing an education continued to rise; families were becoming less willing and able to pay higher tuition fees; and the public increasingly questioned the relevance of a liberal arts education. In that competitive environment, Dickinson made two strategic choices. First, given the dominant, egalitarian culture of the 1960s and 1970s, the college did not celebrate the accomplishments of any single department over others and continued to describe itself as a pure liberal arts college. Second, the college opted to award aid to incoming students on a loan-first rather than grant-first basis, and to award less overall aid than other colleges—to illustrate, through the mid-1990s, Dickinson had an average discount rate<sup>62</sup> of 24 per cent, compared to a discount rate of 33 per cent of

<sup>61</sup>A matrix that describes professions pursued by alumni graduating during the administrations of various presidents is provided in James Henry Morgan, *Dickinson College: The History of One Hundred and Fifty Years 1783–1933*, Mount Pleasant Press, Carlisle, PA, 1933, p. 396–397.

<sup>62</sup>The discount rate states, in percentage terms, the reduction from the full tuition price paid by the average student. To say this in another way, a 24 per cent discount rate implied that Dickinson realized \$.76 for each \$1.00 of the posted tuition price.

most rivals.<sup>63</sup> Between 1988 and 1996, applications for first year admissions dropped from 4,438 to 2,829, the acceptance rate rose from 40 per cent to 84 per cent, enrollment dropped from 2,079 to 1,824, and average SAT scores for admitted students dropped from 1,216 to 1,150.

To combat that trend, in the mid-1990s, the college moved to a grant-first aid approach, and aggressively elevated average aid awards. At one level, the tactic worked. From 1996 to 1999, applications rose from 2,829 to 3,434; the acceptance rate fell from 84 per cent to 64 per cent; and average SAT scores rose from 1,150 to 1,193. At another level, it was a serious mistake. By 1999, the discount rate had risen to 52 per cent, and the college was experiencing an operational deficit of roughly \$5 million with an even larger deficit forecasted for the following year. Those deficits could only be covered in the short term by drawing down the endowment, and were clearly unsustainable in the long run.

More broadly, there was gnawing concerns among various members of the college community that successive administrations had been ineffective relative to those at rival schools in terms of managing admissions and raising funds. For example, while there were certainly many highly motivated and talented students entering the college, Dickinson remained a school with regional appeal that primarily received applications from students living in the Mid-Atlantic States. By the early 1990s, some among that group regarded Dickinson as a “safety” school rather than as a first choice. Furthermore, while Dickinson prided itself on admitting students who were the first in their family to receive a college education, and while it had good socio-economic diversity, it had very low representation from students of color or from international students. With respect to financial profile, although Dickinson’s endowment was experiencing relatively high returns,

by the end of 1998, it stood at only \$143 million, an amount that did not measure up well to the endowments of other colleges.

Those circumstances prompted Dickinson’s Committee on Planning and Budget to release a white paper in the spring of 1996 to the entire faculty. The paper asserted that Dickinson had to develop a “grounding vision.”

Dickinson must be able to show . . . that a liberal education is simultaneously the most humanly fulfilling and ennobling *and* the most practical education. And it must be able to show that the liberal arts education offered *by this College* is superior to one offered elsewhere. (Emphasis included in original.)<sup>64</sup>

In response, college President A. Lee Fritschler formed a task force on the future of the college, consisting of a student and six senior faculty and administrators, to convene in early summer of 1997, for the purpose of identifying problems and proposing general solutions. Their report was released to the faculty, under the cover letter and signature of President Fritschler, on June 18. The telling language contained in the preface echoed the themes of the white paper.

We want Dickinson to be generally recognized as one of the twenty-five most prestigious liberal arts colleges in the United States within the next ten years. . . . [We envision] Dickinson as a living and learning community that embraces change, that regards diversity as an essential feature of an educational community, and that declares liberal education to be the most humanly liberating and practical preparation for citizenship in an interdependent, competitive, culturally-complex world.<sup>65</sup>

<sup>63</sup>The data included in this paragraph and the next is based on the PowerPoint presentation, “Dickinson College: A Case Study in Financial Transformation,” created by Annette S. Parker (Class of 1973), vice-president and treasurer of the college, spring 2007.

<sup>64</sup>Planning and Budget Committee, April 29, 1996, “A White Paper,” Dickinson College internal document, p. 2.

<sup>65</sup>“Report for the President’s Task Force on the Future of the College,” June 18, 1997, Dickinson College internal document, p. 1–2

The report offered the following diagnosis: “The College’s greatest external challenge is visibility, the greatest internal challenge is communication.” To address the former, the college had to stop describing itself as a “pure liberal arts college” with “balance across all departments” and start celebrating core competencies, such as “excellence in international education.” To address the latter—which involved concerns that in light of growing difficulties, the administration was becoming insular and less than transparent—steps had to be taken to reopen communication channels among administration, faculty, students and trustees.

In late 1997, President Fritschler indicated to the community he would resign his position in June of 1999. In January of 1998, a search committee was named to find a new president.

### **The Challenge of Creating an Identity Story**

When Bill Durden agreed to be president of Dickinson College, he was aware that the board of trustees wanted to improve the reputation and the financial foundation of the college, but did not have a detailed blue-print on how to proceed; instead, they hoped they could establish high expectations and grant a new president a broad mandate to engineer a transformation. He was aware that the program of study was first-rate and the internal governance system was sound.

Durden also knew that there was an intense desire for change and progress among the faculty and some members of the administration: he had come to appreciate that desire via conversations during the spring and from his extensive review of previously written white papers and self-studies during the summer months.

Of all the documents he had read, a passage included in the 1997 Report of the

President’s Task Force—“We want Dickinson to be generally recognized as one of the 25 most prestigious liberal arts colleges in the United States within the next ten years”—was most provocative. While he would certainly give it more thought, his initial reaction was that such an externally focused objective—based on rankings produced by for-profit organizations such as *U.S. News and World Report*—might be a distraction from what he saw as the appropriate areas of concentration: the organizational culture and capabilities and the financial foundation of the college. Furthermore, he believed those rankings were based on a set of flawed metrics that did not properly capture the relative strengths of various institutions, including Dickinson. Finally, he was also troubled by what he saw as an emerging tendency in America to regard higher education as a standardized commodity: he believed that the increased attention being paid by the public to the rankings were a manifestation of that tendency.

Via his various experiences, Durden had come to believe in the power of a leadership story. He acknowledged that he had been influenced by the work of psychologist and leadership theorist Howard Gardner (see Exhibit 2).<sup>66</sup> Given his general assessment of the situation at Dickinson and prompted by his conversation with the rising senior who had expressed her concerns about what it meant to be a Dickinsonian, Durden had over the past several weeks started to imagine a story based on Rush and the founding of the college that he believed would help create a unique Dickinson identity. But several issues and questions remained unresolved. Durden knew that he had to achieve greater clarity regarding the story’s purpose and target audience and its structure and content. He also had to think more about the tactics and timing he would employ in introducing the story to the Dickinson community.

<sup>66</sup>Bill Durden, interview with case author, August 31, 2007, Dickinson College, Carlisle, PA.

## Exhibit 2

## Role of a Leader and the Relevance of an Identity Story

Leaders are “persons who, by word and/or personal example, markedly influence the behaviors, thoughts, and/or feelings of a significant number of their fellow human beings.”

Leaders influence other people either *directly*, through the stories they communicate to others; or *indirectly*, through the ideas they create. Examples of these two types include Winston Churchill, a direct leader who sits at one end of a spectrum, and Albert Einstein, an indirect leader who sits at the other. Other leaders would fall somewhere between those two, with most corporate and political leaders closer to the spot occupied by Churchill, and most artists and researchers closer to the spot occupied by Einstein.

Direct leaders achieve their effectiveness in one of two ways: they *relate* stories to others, and they *embody* those stories, thereby serving as an example which inspires others. The ability to embody stories is much more relevant to direct leaders than indirect leaders.

While it may be hard to draw precise lines between categories, leaders can be ranked as *ordinary*, *innovative*, or *visionary*. An

ordinary leader . . . simply relates the traditional story of his or her group as effectively as possible. . . . The innovative leader takes a story that has been latent in the population, or among the members of his or her chosen domain, and brings new attention or a fresh twist to that story. . . . [T]he visionary leader . . . [is not] content to relate a current story or to reactivate a story drawn from a remote or recent past . . . [and therefore] actually creates a new story.

The ultimate impact of the leader depends most significantly on the particular story that he or she relates or embodies, and the receptions to that story on the part of audiences. . . . [A]udience members come equipped with many stories that have already been told and retold. . . . The stories of the leader . . . must compete with many other extant stories; and if the new stories are to succeed, they must transplant, suppress, complement, or in some measure outweigh the earlier stories, as well as contemporary counterstories.

[L]eaders present a *dynamic* perspective to their followers: not just a headline or snapshot, but a drama that unfolds over time, in which they—the leader and followers—are the principal characters or heroes. Together, they have embarked on a journey in pursuit of certain goals, and along the way and into the future, they can expect to encounter certain obstacles or resistances that must be overcome. Leaders and audiences traffic in many stories, but the most basic story has to do with issues of *identity*. And so it is the leader who succeeds in conveying a new version of a given group’s story who is likely to be effective. Effectiveness here involves fit—the story needs to make sense to audience members at this particular historical moment, in terms of where they have been and where they would like to go.

**SOURCE:** Howard Gardner, in collaboration with Emma Laskin, *Leading Minds: An Anatomy of Leadership*, Basic Books, a Division of Harper Collins Publishers, New York, NY, 1995.

## Great Leadership Is Good Leadership

By Jeffrey Gandz

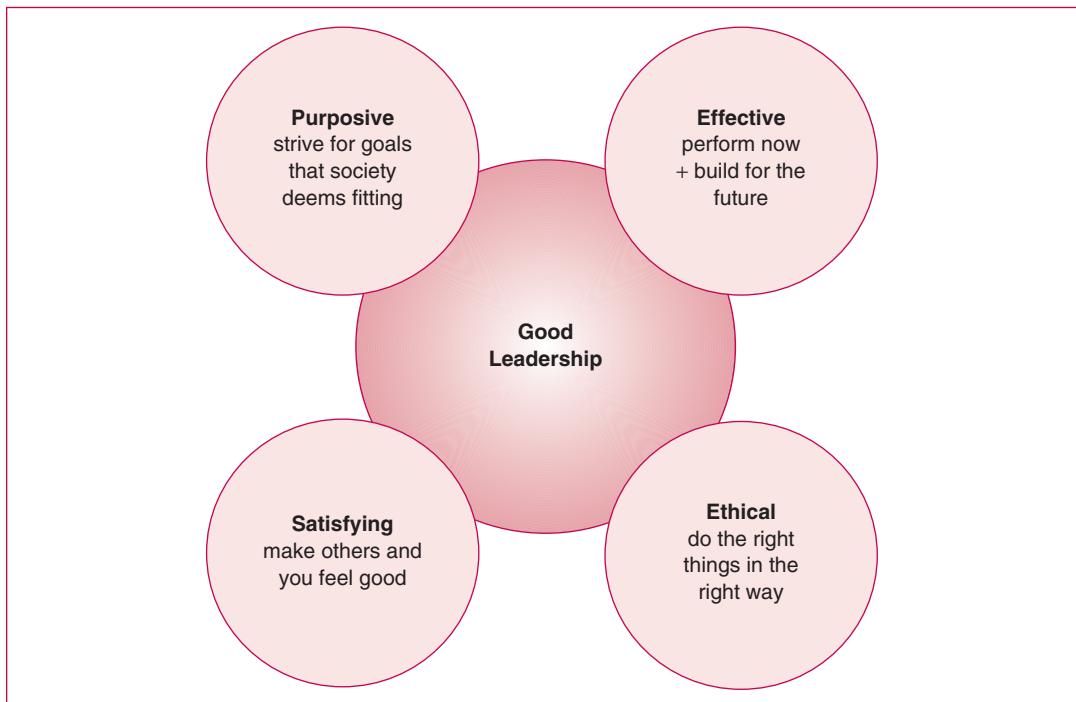
*Look into the soul of any great leader and you will find a good leader. But, if only that were the case. Some leaders, those who crave and bathe in the spotlight, are in fact not so great. Others, who are highly effective (and modest) and possess the five key characteristics this author describes, are good leaders first and foremost. Which is what, in the end, makes them great.*

The extraordinarily successful book *From Good to Great*<sup>67</sup> focused attention on the kind of

leadership that was required to achieve enduring high performance. While it has been one of the best-selling management books of all time, it tends to focus on the effectiveness dimension of leadership to the virtual exclusion of other important dimensions. In my view, you cannot have truly great leadership without considering the broader challenges that face organizational leaders today. Great leadership must be good leadership too.

The word “good” is an interesting word in the English language because of the many meanings that it has. No more so is this true

### Exhibit I Great Leadership



than when it is used in conjunction with the words “leader” or “leadership.” Good leadership can, indeed, refer to *effective* leadership—getting followers to pursue and attain goals. But it can also refer to the *purpose* or goals that leaders pursue and whether those are deemed fitting by the societies within which they operate; it can refer to the *ethics* of leaders—doing the right things in the right ways. It can also refer to the ways in which leaders make followers *feel* good and, indeed, the way they feel about themselves as leaders.

### Good as Effective

It goes without saying that good business leaders must be highly effective in getting people to follow them in pursuit of selected goals. Highly effective leaders:

- Recognize and analyze the driving forces in the political, economic, societal and technological environments in which they operate and understand the impact of these forces on their current strategies;
- Develop winning strategies based on sound competitive analysis, understanding buyer-behaviors, building core competencies and selecting the right domains in which to compete that will satisfy the expectations of their shareholders and other stakeholders;
- Execute those strategies brilliantly by involving people in their formulation and implementation;
- Evaluate the execution and results systematically, making strategic adjustments as indicated;
- Beyond this, they continually build for the future by increasing the capabilities of their organizations, divisions, departments, teams and themselves.

Really effective leaders drive for results *now* while *simultaneously* building for the future. It is simply not acceptable to view these as trade-offs, as perhaps used to be done by coaches of perpetually losing sports teams. The performance bar is continually being raised and to be three, four, six percent or more than last year is baked into the expectations that we have of leaders of organizations today.<sup>68</sup>

Much has been written about effective leadership. Suffice it to say that we expect our leaders to: work with their followers to develop a compelling future vision; enlist the support of others—inside and outside their organizations—in achieving this vision; energize, enable, and encourage high performance; empower people to act within an agreed-upon vision; and to be exemplars of the values of the organizations they lead. To do this requires both competencies and character. Competencies determine *what* leaders are able to do; character determines what they *will* do, how they will exercise those competencies under various circumstances. Good leaders, especially those who endure, are seldom one-dimensional, simple individuals. They are often complex, contradictory and multifaceted, especially in how they respond to different situations: confident *and* humble, assertive *and* patient, analytical *and* intuitive, deliberate *and* decisive, principled *and* pragmatic, among others.

### Good Purpose

When the character Gordon Gecko uttered his famous phrase “Greed is good” in the movie *Wall Street*, he reflected the view that managers, by single-mindedly pursuing the interests of shareholders, are fulfilling the true purpose of the business entity. The late Milton Friedman, the Nobel prize winner and high-priest of free-market economics, held that this

<sup>68</sup>Gandz, J. (2005). “The Leadership Role.” *Ivey Business Journal* 66(1): 5.

approach by business produces the most good for the most people since other institutions—government agencies, trade unions, consumer protection associations, etc.—will curb the excesses of business and that the maximum aggregate benefits come from the tension between these forces. Leaders of businesses must then pursue shareholder interests exclusively and should be compensated for so doing. They should eschew the role of social arbiters attempting to balance competing interests, a role with which they are neither charged nor competent to perform. This is not an immoral or amoral argument on the part of Friedman. Indeed, it holds to the precept that the moral action is the one that brings the most good to the most people. Attempts to demonize Friedman for this argument are misguided.

Such a philosophy does not negate the importance of other stakeholders in the business enterprise. Indeed, customers, suppliers, employees, governments—national, regional and local—and the broader societies within which these businesses operate are also very important. Businesses benefit suppliers but also depend on excellent service and quality from those suppliers; they pay wages to employees but depend on their engagement and commitment; they provide value to customers but also benefit from the dependence of customers on them; they provide employment to members of communities but also depend on getting planning permission from a local government when they want to put up a new building, and they pay taxes to governments but also seek subsidies and other protections. But it subordinates their importance to the fundamental primacy of shareholders. They are to be considered only to the extent that they may be instrumental in creating a return to shareholders.

The alternate perspective is that shareholders are but one group of stakeholders in the business enterprise and that there are other stakeholders such as customers, suppliers, employees, community groups, pensioners,

etc. to whom the business enterprise has obligations.

These obligations stem from the reciprocal social and moral obligations between the parties. Businesses owe senior employees job security and a rising standard of living because employees who have worked for the organization for many years have been committed and involved in the business; they should not pollute or degrade their environments because they are responsible moral actors in the societies within which they operate; they should not outsource work to countries with poor labor or environmental standards because to do so is morally wrong for employees in those countries since it perpetuates those poor standards while damaging the livelihoods of those on the countries from which products were outsourced; they should not deplete natural resources because it will make the societies in which they operate unable to sustain economic and social life for generations to come.

Leaders of businesses, as viewed from this perspective, must seek a fitting balance between the interests of various stakeholders both when they coincide and when they differ, constantly seeking “win-win” or compromise resolutions when conflict occurs between stakeholders’ interests. If this balance or integration sub-optimizes profit and reduces shareholder value, good business leaders should take the high road of “balance of interests.” As leaders, business people cannot avoid the requirement to seek this balance even ‘though—as the protagonists of shareholder primacy point out—they may be ill equipped to do so. They can seek advice, sift arguments, reflect and consider different interests and endeavor to find creative solutions that either satisfy all parties’ demands or compromise between them, sub-optimizing shareholder value in favor of some broader, societal contribution.

This debate is ongoing. Sometimes it is trivialized by those who seek to make the case that striving for good purpose is axiomatic with shareholder value creation, and that in

the long-run business does well by doing good. This negates the reality that by consolidating plants, profits are increased and communities are destroyed; by pursuing minimally legal environmental compliance, costs are minimized; that by selling legal products that may be harmful, profits are generated for years or even decades. Recent hard-edged research indicates that the financial returns to corporate social responsibility are dubious but, despite this, there are increasing demands on business leaders to expand their horizons to embrace this ethic.

### Ethical Goodness

The excesses of business and business leaders have been a pervasive if not dominant theme in the popular business literature in the last decade, leading not only to new legislation but to a widespread revulsion with the ways in which some managers have been proven to have ripped off shareholders, customers, employees, creditors, and other stakeholders. Unlike the broader issue of corporate social responsibility, this does not address the fundamental purpose of business but, rather, the ways in which business people act. It recognizes that many decisions made by managers and executives benefit some people at the expense of others. Whenever someone may be hurt by an action of management, there is an ethical decision involved.

Business ethicists recognize three distinct forms of unethical behavior.<sup>69</sup> The first of these are actions that are clearly not within the scope of the role. Chief Financial Officers should not fiddle the books, senior executives should not pad their expense accounts or charge personal expenses to the corporation, corporate directors should not trade stock based on inside information; companies should not conspire to rig bids; defense contractors should

not charge unrelated expenses to cost-plus government contracts; and so on. In many cases we have laws and regulations that expressly prohibit these behaviors and, in most cases, breaking laws or evading regulations is *prima facie* unethical.

The second type of unethical action is one that serves the purpose of the role but pushes beyond the types of behavior that society would consider morally right. So, we expect marketers to emphasize the benefits of their products but they should not lie about the performance of their products or conceal dangers that might be associated with their use; human resource managers should not mislead people about terms and conditions of employment to induce them to accept a job; salespeople should not spread false rumors about the financial health of their competitors in order to deter customers from doing business with them; financial advisors should not tailor their advice to meet their rewards to the detriment of their clients. Clearly, different societies have different tolerance levels for these behaviors and what is considered ethical in one society might be considered beyond the pale in another.

The third type of unethical action is one that describes something that should be done but which is not done—an act of *omission* rather than commission. These non-actions that many people consider unethical include a failure to recognize the talent that exists in minority groups, failure to give people regular performance reviews and candid feedback that would help them improve, failure to point out to people that their choice of products and services may not be in their best long-term interests, and failure to review a client's financial portfolio to ensure that it is appropriately balanced for their investment objectives. This type of unethical action is often fiercely debated since it clashes with other philosophies such as “buyer-beware,” or “you get what you negotiate” that appear to put the onus on

<sup>69</sup>Bird, F. B., and J. Gandz (1991). *Good management: Business ethics in action*. Scarborough, Ont., Prentice-Hall Canada.

the customer, employee, or other party. Unlike the more black-and-white non-role acts, this type of unethical behavior is also more subject to gradations, with some people expecting minimal compliance and others expecting standards of excellence.

When businesses meet or exceed the expectations of the societies within which they operate, they will be free to operate. When they cease to meet those expectations they will be regulated, controlled and, perhaps, even be put out of business.

The issue of what “society” condones and what is right is not trivial. At the extreme, the anti-Semitic laws of National Socialist Germany were both popular and passed by parliament as, indeed, were the anti-apartheid laws of South Africa. Petty bribery—and some that is not so petty—is commonplace in some societies yet frowned upon in others. Some societies protect intellectual property rights whereas others either have no protection or, if a law does exist, may not bother to police it. The extent to which something is criminal or not, widely or narrowly accepted, or considered a civil tort may vary widely from place to place.

Quite often, people make an assumption that “if it’s widely done, it must be okay!” With this assumption, there would have been very little if any progress made over the years to deal with the blatant discrimination against racial minorities, gender-based discrimination, or indeed ANY act of discrimination by a powerful group imposed on a less powerful one. Even if something is widely practiced, people may not think that it is right. For example, while corruption is widespread in business in many parts of the world, it may be expressly forbidden by both legal and moral authorities but, because the powerful can escape the sanctions associated with the disapproval, they may perpetuate the practice.

## Feel-Goodness

It’s a leap from thinking about “good” as effective, purposive and ethical, to thinking about the importance of making people *feel* good or feeling good about your leadership. Yet it is a critical leap. The sociologist Amitai Etzioni proposed that people comply with leadership if they are *forced* to do so, if they are *paid* to do so or if they are moved by ideas and ideals so that they *want* to do so.<sup>70</sup> When people are forced to follow, they feel alienated; when they are paid to follow, their followership can be bought by others or will cease when the money stops flowing. When they buy into ideas or ideals and when they realize them through effective leadership, then the positive feelings generate their own energy and momentum and wanting to be led is more likely to result in extraordinary and sustained support for those shared goals. The leaders of slave or mercenary armies were never as durable as those whose armies were fired up by ideals and values.

The great leader described by Jim Collins is one who through “level-5” leadership embraces fierce determination and humility that leads to involvement and commitment by his or her followers.<sup>71</sup> They develop a sense of self-efficacy, of value, of worth. They want to be led by such leaders, not because they are sheep but because they understand that they can achieve their goals through those leaders. And they are prepared to exercise leadership themselves within the umbrella of the organizational leader who makes them feel good about themselves.

None of this is intended to suggest that the good leader should always adjust to the surface wants and desires of those who are to be led. Indeed, panderers generally make poor leaders since they end up promising too much to too many and cannot deliver the goods.

<sup>70</sup>Etzioni, A. (1961). *A comparative analysis of complex organizations; on power, involvement, and their correlates*. New York, Free Press of Glencoe.

<sup>71</sup>Collins, J. (2001). “Level 5 leadership: The triumph of humility and fierce resolve.” *Harvard Business Review* 79(1): 66–76.

A cynical perspective on leadership suggests that leaders find out which way the parade is heading and scramble to the front of it, or that leaders take people where they really want to go anyway. Some have proposed, judgmentally or paternalistically, that leaders take people not to where they want to go but, rather, to where they really need to be. Perhaps it is more accurate to suggest that great leaders satisfy people's deep needs rather than their surface wants, even if they may not immediately realize their needs.

The ability of leaders to understand their potential followers' needs has been associated with great religious, military, political and, yes, even business leaders. Sometimes this has resulted in great good and sometimes in great evil. Sadly, not all effective leaders who tap into their followers' needs and motivate them to action do so with good purpose in mind. Genocides, persecutions, and the unrelenting pursuit of corporate greed through fraud, misrepresentation, or even callous indifference of the impact of their actions on others have left their scars.

However, the good leader never ignores how his or her followers feel about their leadership. They know that short-term pain must be followed by long-term gain, that efforts must lead to rewards, that sacrifices will be made but not forever. And they nurture their followers through these tough times. They draw on wellsprings of optimism when things are not going well, without losing their grip on reality.

Leadership is also hard work, especially when times are tough, when things are not working the way they were planned and people are beginning to question the credibility of leadership. Often the only thing that leaders have to draw on at those times is their own

self-confidence, their sense that they are doing the right things for their people. The borderline between self-confidence and arrogance, between steadfastness and hubris may be very narrow and the leader treads it all the time. If they are to cope with the stresses and strains of leadership, it is essential that they feel good about what they are doing to make it worth the effort.

### **The “Good” Leader**

---

There will always be debates about what constitutes good or great leadership in a business context, and each generation will yield its crop of candidates. Creation of shareholder value will always be high among the criteria considered, as indeed it should be. But as societal values embrace broader concerns, as we judge not only what these leaders appear to have achieved but also how they have done it, as we assess leaders not just in terms of their achievements but on their contributions to the societies within which they operate, I suspect that the emphasis will shift toward the goodness of leadership as described in this article as a necessary condition for leadership greatness.

There is an argument to be made that, given a long enough time frame, “Goodness” as I mean it and “Greatness” as suggested by Jim Collins converge into one and the same thing. That may turn out to be the case but there is too much press given to leaders who have yet to achieve either. Perhaps it is we—the public, who look to our business leaders to drive the prosperity of this and future generations—who need to be more restrained in granting this ultimate accolade and granting someone the title a “good leader.”