



**Aspen ISIB Conference**  
*Balanced Leadership During Turbulence and Crisis:  
The Role of Executive Education*

**November 13-15, 2001**  
**Wye Woods,**  
**Aspen Institute Wye River Conference Centers**  
**Queenstown, Maryland**

**Conference Report**  
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The 21<sup>st</sup> century has developed into a time of turbulence and crisis. Is it a time of despair or a time of peril *and* promise?

Disparate headlines outline the context:

- On September 11<sup>th</sup>, 2001 the *New York Times* featured news about the city's primary election, but few votes were cast on that day. And on the morning of September 12<sup>th</sup>, the *New York Times* headline, "U.S. ATTACKED," greeted a stunned and grieving nation.
- In July 2000, the United Nations released a sobering report on the state of global human development. The press release read "Most countries Not on Track to Meet UN's 2015 Goals" and contained grim reminders of challenges ahead: 11 million children below age five die every year from preventable causes; nearly one billion people need access to safe drinking water; and 1.2 billion live on less than \$1 a day. Events on September 11 now exacerbate these inequities. On October 1, 2001 the World Bank announced "Poverty to Rise in Wake of Terrorist Attacks in U.S.; Millions More People Condemned to Poverty in 2002."
- In March 2000 in the *Fortune* 500 listing, Cisco Systems' was the second most highly valued company in the U.S. with a market capitalization of \$454 billion. Only Microsoft at \$492 billion had a higher valuation. Two years later, Cisco's market cap barely tops \$111 billion – a 75% decline. Microsoft has fared somewhat better; its value has declined just over 35%.
- *Fortune* also helps us keep track of the dot.com debacle. In its grisly "dot.com deathwatch 2001" it estimated that 384 dot.coms declared bankruptcy or ceased

operations in 2001, 519 in the past two years.<sup>1</sup> The personnel toll is high - over 98,000 people were laid off from dot.coms during 2001.

- In November 2001, the National Bureau of Economic Research made it official. The U.S. is in recession, a downturn with global implications.

The executive educators who convened at Aspen's Wye River Conference Center in mid-November reflected on the leadership implications of this turbulence and crisis, the challenges and opportunities that are presently facing leaders in all sectors and the role that executive education can play in preparing leaders to lead effectively in this context.

This conference was the third in a series of meetings on the theme of "Developing Balanced Leaders." These meetings bring together leadership development experts from corporations, universities and professional service firms. (See the participant list at the back of this report.)

A core objective of the meetings is to learn from each other about cutting edge initiatives to develop *balanced* leaders. Although "balanced" is variously defined, participants generally share the view that exceptional leadership – especially in times of turbulence and crisis – requires individuals who are attentive to the social impact of their decisions as well as to economic performance, to both the long and short term implications of their actions, and to the concerns and voices of their enterprises' multiple stakeholders including the employees, customers, community members and stockholders.

This report contains an overview of reflections at the meeting held in November 2001. It summarizes what these educators had to say about the skills and perspectives needed by balanced leaders, and in boxes throughout the text it briefly describes examples of innovative educational programs or approaches designed to help leaders acquire these skills and perspectives.

## **Opening Reflections on the Conference Theme**

In the midst of current turbulence and crisis, participants spoke of the urgent need to find a harmony of values, a continuous purpose, in all aspects of their lives. Rather than longing to return to normal, participants at this conference placed far more importance on moving to higher ground.

When the 21<sup>st</sup> century arrived, there were many employees and investors in high-flying companies in the technology and other sectors who saw their brilliant financial acumen reflected in the stock prices of their companies. What qualities are reflected now in share prices that are fractions of former values? If net worth was one's defining value, assessing the financial damage takes a punishing personal toll. And yet one is shamed by despair over financial setbacks. How does one compare that loss to the inestimable losses suffered by victims of the September 11<sup>th</sup> attacks? Or, for that matter, by victims of terrorism and deprivation everywhere?

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<sup>1</sup> Ellen Florian, "Dead and (Mostly) Gone," *Fortune*, December 24, 2001, p. 46.

In light of recent events, many participants spoke of their own re-assessment of priorities and purpose and told stories of friends, colleagues, relatives who are also facing life's challenges with a renewed sense of commitment to personal values. They are graciously sharing and receiving wisdom across generations, listening intently to voices previously tuned out, activating long-delayed plans. They are, in effect, committing themselves with all their hearts to sorting out "what matters most from what matters much."

Here's the rub though.

There is less evidence that suggests that organizations – and businesses in particular – are changing too. Faced with an economic downturn and financial losses, corporations aren't reassessing priorities but instead are trying to regain lost ground by doing more of what they were doing before – but faster and with fewer resources. Some businesses appear to be using the events of September 11 as an excuse to undertake layoffs undoubtedly planned before this date. Some are capitalizing on the sense of crisis, using it as an opportunity to sell products. Others are taking a "fortress America" approach to business rather than looking for opportunities to emphasize interdependence and attendant corporate responsibilities. Few are questioning how business is conducted around the world in these fragile times or daring to suggest that change is needed.

In short, whereas some individuals have found new freedom and meaning in the midst of turbulence and crisis, leaders in many corporations seem to be facing more constraints.

Exceptional corporations are defying these generalizations. At these corporations, remarkable leadership teams are inspiring and informing and keeping an even keel even as the storm rages. They are also raising the bar for educators today who are working in the field of educating executives to lead in a way that balances financial, social and environmental objectives.

### **Teaching the Skills and Perspectives Needed for Balanced Leadership**

Conference attendees considered what is needed in educational programs in academia, corporations and professional service firms to help leaders develop greater capacity to work effectively in the midst of severe stress. Summarized below are the necessary skills and perspectives identified by the group. They include:

- Communication skills – Speaking **and** listening
- Leading with multiple perspectives
- Operationalizing values
- Acquiring self-knowledge
- Learning the reality of choice

The discussion of each includes examples of educational programs suggesting one or more approaches to teaching that skill or perspective.

## *Communication skills – Speaking and listening*

In the midst of turbulence and crisis, “unbounded anxiety” in a business setting is one of the greatest risks. It is exacerbated when leaders are silent, when they are unable or unwilling to articulate clearly what is broken. Speaking out about what has gone both right and wrong becomes an expression of hope. The diagnosis serves as a container for focusing efforts; colleagues can then move forward.

Even when leaders – and the facts they have at hand – are not “camera ready,” they must speak in a genuine voice about what they believe to be true. Especially when times are toughest, “honesty is the real charisma.”

While speaking out is critical, leaders must also learn to listen and to engage in honest dialogue with all stakeholders – employees, community members, suppliers, customers and stockholders.

One conference participant noted that poor listening skills can be misinterpreted by subordinates as a lack of integrity. This observation was based on the results of 360 degree performance reviews for senior staff members in the wake of September 11. These senior managers, in an effort to “be strong,” tended to talk *at* people rather than listen to them, leaving subordinates to wonder if their managers were actually covering up the facts or trying to mislead.

Leaders can also learn to be story tellers – and story receptacles. Stories are powerful vehicles for getting a message across, but how many leadership development programs incorporate this age-old competence?

Many leaders are used to imparting lessons to subordinates; fewer actively seek opportunities to receive lessons from the field. CEOs are far more likely to be found in the boardroom than they are on the shop floor, but the messages in these two venues are decidedly different.

To encourage broader communication, some companies are instituting “listening tours” where headquarters leadership goes into the field to listen to what employees and associates are experiencing in order to be able to lead more effectively. These tours replace “briefings” or strategic “roll-outs” where the communication is typically one-way - from the top down.

Leaders need to know how to undertake “Weak Signal® research.” They need to learn “organizational traits and organic components that enable the enterprise to detect weak signals as a matter of course, build models and stories that illustrate the possible effects of whole sets of signals over time, and redesign itself efficiently to take advantage of these possibilities.”<sup>2</sup>

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<sup>2</sup> See Bryan Coffman’s introduction to Weak Signal ® Research on the Matt Taylor Corporation website at [www.mgtaylor.com/mgtaylor/jotm/winter97/wsrintro.htm](http://www.mgtaylor.com/mgtaylor/jotm/winter97/wsrintro.htm)

These lessons are not for the faint of heart. Lessons from the field identify threats at least as often as they highlight opportunities. Addressing the threats often requires major overhauls – to procedures, organizational structures, product designs, customer service strategies etc. – that are costly in terms of time, money and interpersonal dynamics.

In times of turbulence and crisis when the decibel level of ordinary experience has been cranked up, it may be more difficult – though more critical - to pick up weak signals. These signals may be signs of distress – or they may be signs of hopefulness and positive images of the future.

How do skilled leaders do this research? They actively find ways to seek out “scouts” and then listen intently to what they are told. They interview employees who have traveled to foreign locations. They visit model shops and customer service centers. They regularly ask subordinates to report on competitors. For them, diverse voices – even discordant ones - are critical sources of invaluable insights and inspiration, not irritants.

*With the intent of moving toward a worldwide vision of “Business as an Agent of World Benefit” The Weatherhead School of Management at Case Western Reserve University (CWRU) is using its “appreciative inquiry” research methodology to undertake over 1000 interviews with global business executives, leading management thinkers and ethical-spiritual teachers. Learning from these interviews will be shared at a global conference at CWRU in spring 2003. They will also inform the discussions at the conference on Business and Spirituality to take place in New York in April, 2002.*

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*Acquiring better listening skills is one aspect of the improvisational theatre exercises offered by Performance of a Lifetime, a theatre group based in New York city. Improvisation relies on “active listening” which “lets you hear (and create with) the unexpected, and requires that you build the scene or conversation with the actual people in the room (not who you ‘wish they were.’)”<sup>3</sup>*

### ***Leading with multiple perspectives***

“The test of first rate intelligence,” F. Scott Fitzgerald concludes, “is the ability to hold two opposing ideas in mind at the same time and still retain the ability to function.” This sentiment is echoed in a more contemporary voice, that of business strategist Gary Hamel who admonishes business in the midst of these turbulent times to remember the wisdom of Walt Whitman: “Do I contradict myself? Very well, then, I contradict myself. I am large and I contain multitudes.”<sup>4</sup>

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<sup>3</sup> See “What We Do” on [www.performanceofalifetime.com](http://www.performanceofalifetime.com).

<sup>4</sup> Gary Hamel, “What CEOs Can Learn from America,” *Fortune*, November 12, 2001, p. 139.

Conference participants emphasized that leadership programs that produce balanced leaders are ones that help individuals learn to be enriched by multiple perspectives – not overwhelmed by them.

The importance of this attribute is perhaps best realized by considering the consequences of its absence. Could singularity of thought have produced the turbulence and crisis that now surrounds us? Does blinding hatred lead to terrorism? Does the single-minded pursuit of shareholder value create wealth for all – or produce social inequity? Did consuming greed overtake reason in the dot.com IPO hype?

Participants wondered. Executive education, they concluded, should help leaders figure out when their single-mindedness is part of the problem. Honestly facing up to one’s complicity is the first step in understanding how to be part of a solution. Educational programs should challenge individuals to realize that leading is as much about asking questions as it is about providing answers. Asking these questions – and therefore taking in more points of view - widens a leader’s field of vision.

*In response to clients’ needs for managing in the midst of increased turbulence, velocity, and complexity, the Center for Creative Leadership (CCL) created “Exploration for Development,” a program that brings together high potential managers from different geographic regions and functional groups within a business unit. It is centered on “meaning-making in a community of practice” and as such focuses on “shared leadership” rather than “heroic leaders.” Two key aspects of the program are “1) group sense-making of urgent individual and mutual leadership challenges – slowing down, gathering information, paying attention, taking new perspectives, seeing patterns, reframing, and conducting action learning projects; and 2) becoming more mindful and competent in sense-making abilities in order to build leadership capacity for facing future challenges.”*

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*For 50 years the Aspen Institute has brought together diverse groups of leaders to learn from each other and from some of the greatest thinkers of all time. In the flagship Executive Seminar, leaders examine the writings of philosophers and social activists such as Aristotle, Confucius, Gandhi, Adam Smith and Vaclav Havel. This experience “enables participants to define and understand basic values that are at the heart of the most complex decisions leaders face.”*

### ***Operationalizing Values***

Single-minded attention to enhancing share price – deceptively labeled shareholder value - too often has been an excuse for ruthlessly disregarding other values, the principles that

guide our vision and our decision-making. Many executive education programs promise to help leaders *create* value but too few reinforce how important it is to *live* them.

Times of crisis bring our values, or lack thereof, into stark relief. Businesses with values so firmly entrenched that they inform every strategic and operational decision find these values provide comfort and direction. But the work to operationalize values must begin long before the turbulence hits. Considerable skill and commitment is necessary to assure that values are carefully defined and communicated throughout the firm and that sanctions are in place for decisions that violate these values. Getting the right values in place can never be a quick fix.

So what kind of educational programs are most helpful in teaching executives to place requisite importance on building such a foundation for their firms? One approach may be to provide opportunities for leaders to see their role as business leaders in a larger context.

Executives at a recent Aspen ISIB Business Leaders Dialogue affirmed that business leaders are most likely to place primary importance on *living* their values and balancing financial, social and environmental objectives when they act on the knowledge that they are not only business leaders but citizens and family members.<sup>5</sup> Realizing this wholeness helps them understand the criticality of making decisions within the framework of core values.

A related approach is to help executives envision their legacy. In this way they can lead forward by looking back.

*Notre Dame offers a program in which executives can earn a certificate in Integral Leadership. This program, which focuses on multiple facets of human growth – cognitive, emotional, interpersonal, physical, moral and spiritual, is explicitly designed to help business leaders make values-based decisions. A defining feature of all Notre Dame’s executive education programs is the “weave,” scheduled segments of each curriculum module that integrate business disciplines and reinforce the importance of values.*

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*London Business School is launching a leadership program called Proteus, named for the Greek sea god famous for his power to assume different shapes at will. Among its features will be time for leaders to meet with young people to hear about their images of leaders and for the leaders themselves to reflect on their own legacies. The program wraps up with a “biography and destiny” session.*

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<sup>5</sup> Aspen ISIB, Report on Business Leaders Dialogue, July 2001.



## ***Acquiring Self- Knowledge***

Awakening a leader's innate potential and capacity for consciousness, awareness and presence is at the core of achieving balance in leadership and provides grounding for courageous decision-making.

Knowing thyself has long been regarded as a precursor to greater understanding. The recent *Harvard Business Review* issue on "Breakthrough Leadership" posits that self knowledge is "Leadership's First Commandment."<sup>6</sup> This issue also reports on research that validates another correlation – a positive link between self-knowledge and bottom line results. "Managing for financial results . . ." writes Goleman, Boyatzis and McKee, "begins with the leader managing his inner life so that the right emotional and behavioral chain reaction occurs."<sup>7</sup>

Typically, however, words like *consciousness* and *awareness* don't find their way into curricula for business executives. Although we know the importance of emotional intelligence, conference participants noted, we don't do enough to design programs that enhance this aspect of a leader's performance.

*An unusual program with a central focus on themes rarely captured in western curricula – such as ego-management, wisdom leadership and the work psychology of non-attachment – is the Management Center for Human Values at the Indian Institute of Management in Calcutta. It offers an annual, week-long international workshop in which "mind-stilling and centering processes" are cornerstones of the experience. Similarly, the Fetzer Institute, with a focus on the health care industry, supports a Leadership Savvy program that emphasizes building leadership capacity by understanding the role of thought in human experience and "recognizing the innate capacity for presence, equanimity, balance and resiliency in all human beings."*

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*During a capstone course in the Executive MBA program at the Weatherhead School, Case Western Reserve University, students develop a Life-Long Learning Plan to commence after their graduation. The plan is based on a series of instrumented and peer feedback and analyses guided by the work on emotional intelligence by Boyatzis, Goleman et al. Students practice skills and inquiry methods to develop more self-awareness, awareness of others and relational competencies.*

## ***Learning the Reality of Choice***

Executive education programs often exhort leaders to make the tough decisions and provide the tools necessary to undertake careful analysis and make the right call. Fewer,

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<sup>6</sup> See *Harvard Business Review's* Special Issue, December 2001.

<sup>7</sup> Daniel Goleman, Richard Boyatzis, and Annie McKee, "Primal Leadership: The Hidden Driver of Great Performance," *Harvard Business Review*, December 2001, p. 44.

however, emphasize the importance of recognizing the reality of all the choices that we can make or offer help in learning how to make so-called tragic choices.

Leaders enhance their ability to lead when they realize that even in the midst of crisis a loss of control doesn't mean a loss of choice. No matter what, leaders always have options. They can, for example:

choose to invite rather than to wait,  
choose to value rather than critique,  
choose to question rather than assert.

Making these choices strengthens capacity and capability.

In the midst of turbulence and crisis many of the decisions that leaders must make involve tragic choices. Conference participants emphasized that teaching leaders how to make these choices and how to cope with the stress of these decision is one element generally missing from leadership development programs. Some called for more research to understand these kinds of choices and the analytical framework that is required to make them wisely.

*One way to explore the nature of these choices is to identify the key paradoxes leaders contend with as they manage in the midst of turbulence. As described in an article co-authored by participants in Aspen ISIB conferences on "Developing Balanced Leadership" these paradoxes include: **Raising the stakes:** Crisis can "raise the stakes" for organizational leaders at the same time that it relieves them of others. It's one time when what's important takes precedence over what's urgent. **The limits of control:** Crisis makes the true extent – and the limits – of our control over circumstances palpably and sometimes painfully plain. **The need for scouts:** Times of crisis often require us to act quickly, with even less data and certainty than usual, and yet they are times when our receptivity to more information from wider and less common sources is critical. **But what do I say?** At a time when knowing what to say feels most difficult, not speaking is most dangerous. **Retreat:** In crisis, when speed of action is necessary for survival, one of the most important priorities is reflection. When everyone is focused on the present, leaders must take time to look to the future. **Tragic choices:** While focused on "rallying the troops" during a crisis, leaders must often be making unpopular decisions.<sup>8</sup>*

## Conclusion

The crisis and turbulence we are currently experiencing has compelled us – and freed us – to take a fresh look at the kind of business leadership that we want and need. As disturbing as these times are, they are propitious as well. If the business press is truly reflective of a changing sentiment, advocates of more balanced leadership can take heart. Six months ago we would hardly have expected *Fortune* to carry a cover article on

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<sup>8</sup> Mary Gentile, Gary Jusela, and William Wigggenhorn, "Raising the Stakes or Finally Seeing them Clearly? Balanced Leadership in Times of Economic Crisis," *The New Academy Review*, February 2002.

leadership proclaiming that for exceptional leaders “the bottom line comes second.”<sup>9</sup> Nor, perhaps, would we have seen *Fast Company*’s February 2002 cover heralding love as the “killer app.”

As dark as these times are, they have opened our awareness of new ways of thinking. We now share, as one conference participant noted, “the wisdom of the funeral.” Can this wisdom be sustained as the numbness wears off?

The challenge is great. The words of Aldous Huxley still ring true: “The amelioration of the world cannot be achieved by sacrifices in moments of crisis; it depends on the efforts made and constantly repeated during the humdrum, uninspiring periods, which separate one crisis from another, and of which normal lives mainly consist.”<sup>10</sup>

The danger is that in the midst of trying to shake off the effects of crisis and turbulence we actually do manage to get back to “normal” – i.e. to a time when the bottom line not only came first but left everything else in the dust. For executive educators concerned with developing *balanced* leaders – those who are concerned with financial results as well as social and environmental progress, the challenge is to sustain the present, heightened sense of possibility – even as we adapt to a climate of crises and turbulence.

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<sup>9</sup> Jerry Useem, “What It Takes,” *Fortune*, November 12, 2001, p. 132.

<sup>10</sup> Aldous Huxley, *Grey Eminence*, Chapter 10. (1941)



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**Participant List**

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**MODERATOR:**

**Steve Stumpf**, Professor and Management Department Chair, College of Commerce and Finance, Villanova University, USA

**PARTICIPANTS:**

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**Felipe Alfonso**, Co-Vice Chairman, AIM Board of Trustees & Executive Director, Ramon V. del Rosario, Sr. AIM Center for Corporate Social Responsibility, Philippines

**Leo Burke**, Associate Dean and Director, Executive Education, Mendoza College of Business, University of Notre Dame, USA

**Susan DeLuca**, Director of Organization Development, Corporate Human Resources, The New York Times Company, USA

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**Robert Fulmer**, Academic Director, Duke Corporate Education & Distinguished Visiting Professor, The George L. Graziadio School of Business & Management, Pepperdine University, USA

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**Kathryn Mayer**, Director, Salomon Smith Barney, USA

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