THE LEADERSHIP TRIAD:
IMPACT OF CEO DIRECTION, ETHICS, AND GREED ON BUILDING A WEB-BASED BUSINESS-TO-BUSINESS COMPANY

by

Lucy La Grassa

A Dissertation
Submitted in Partial Fulfillment
of the Requirements for the Degree
Doctor of Philosophy in Organizational Development (Leadership)
and Transformational Education

International University of Professional Studies

Maui, 2011

The Dissertation of Lucy La Grassa

is approved and is acceptable in quality and form:

Academic Dean	Committee Chairperson

Committee Member

International University of Professional Studies

Maui, 2011

This dissertation is dedicated to my family who taught me how to lead and how to follow; and to my friends and colleagues who taught me how to be me and pursue my dreams.

ACKNOWLEDGMENTS

I would like to thank my husband, Lou La Grassa, for his support and love throughout this process. I would also like to thank our daughters, Jessica La Grassa and Dianna La Grassa, for their constant questioning, unwavering delight in my learning, and their never-ending encouragement and love. I would also like to thank Barbara Russo, who opened up her home and heart to me and gave me a quiet, beautiful place to write and think and who shared this writing journey with me. I would also like to acknowledge the many business partners, colleagues, and friends throughout the years who have provided me with opportunities, support, and inspiration to pursue a varied and rewarding career. A special thank you to my academic mentor, Daniel Eckstein, Ph.D., a learned professor and author, whose mastery of story-telling, academic excellence, and leadership books encouraged me to pursue higher learning.

TABLE OF CONTENTS

Content Page

LIST OF TABLES

LIST OF FIGURES

Abstract of Dissertation Presented to
International University of Professional Studies in Partial Fulfillment of the
Requirements for the Degree of Doctor of Philosophy

THE LEADERSHIP TRIAD
Impact of CEO Direction, Ethics and Greed on
Building a Web-Based Business-to-Business Company

By

Lucy La Grassa

March, 2011

Chair: Irv Katz
Major Department: Organizational Development and Transformational Education

CEOs have gone from being heroes of commerce to harbingers of financial collapse. Compromised leadership ethics and leadership greed combined to create a leadership direction among CEOs that shocked the world over the last decade. This leadership triad—direction, ethics, and greed—is examined and compared through action research, experiential observations, and qualitative analysis on two start-up web-based businesses over a 32-month period. Working closely with CEOs of Brand A and Brand B, this researcher was able to evaluate the differences in executive decision-making during five milestones in the building of each business-to-business website from concept through to launch. Comparative analysis showed that the CEOs' words, actions, and deeds contributed directly to the success or failure of the start-up.

CHAPTER 1 – PROBLEM FORMULATION
THE LEADERSHIP TRIAD

Introduction

The turn of the century revealed a turn in leadership direction, leadership ethics, and leadership greed in CEOs around the world. This research paper examines how these three leadership variables are intricately woven together to form the leadership of CEOs in businesses and corporations. I participated in 32-months of action research which explored the interdependency of these three variables in leadership decision-making in two start-up web-based businesses.

In question was: What effect, if any, do the CEOs' leadership direction, leadership ethics, and leadership greed have—individually or in combination—on the creation of the businesses from concept to launch? The research examined these dynamics during critical milestones when CEOs are forced to set direction, make ethical decisions, and choose whether to compromise on the side of greed. Also in question was: What correlations, if any, do the CEOs' personal ethical standards and personal level of greed have with setting the ethical standards and corporate direction of the company? Therefore, is the character of the CEO symbiotic to the character of the company he or she leads?

The literature and multimedia search helped to peel back the underbelly of CEOs to expose why they engaged in gargantuan proportions of unethical behavior, greed, and criminal acts. According to some research, CEO fraud was rampant throughout the 2000s from Enron in the year 2002, to the collapse of Wall Street in 2008, to the continued crumbling of the global financial system in 2010. According to Haller,

> The events of the last ten years reveal a material flaw in the moral fabric of some previously well-respected corporate leaders. The ever-present pressure of the next quarter's profits, and the push to increase "earnings per share" and drive up the stock price have caused some senior executives of American firms to ignore the fundamental morals of honesty, especially if the news is bad. Unfortunately, some of the corporate executives began to believe their own press kits, lost their moral compasses, and fell victim to the disease of corporate greed.
>
> The senior executives at Enron have become an icon of corporate greed, massive fraud, dishonesty, unethical behavior, and failed leadership. Andrew and Lea Fastow have fallen from grace, plea bargained, and have been convicted. Andrew, Enron's former CFO, will begin to start his 10-year sentence for securities and wire fraud as soon as his multi-millionaire heiress wife, Lea, completes her one-year prison term for insider trading of Enron stock in her family charity. Lea Fastow, along with Enron senior executives Kenneth Lay, the (now deceased) founder and former Chairman of Enron, Jeffery Skilling, the former President and CEO of Enron, and Richard Causey, Chief Accounting Officer of Enron, all denied any wrongdoing. (Haller, 2009)

This lack of leadership direction and ethics—spurred by corporate greed—took place despite the warning signs of the market collapse in 2000. Kurtz wrote,

> The Big One arrived on Friday, April, 2000, a full-blown, white-knuckle, breathtaking market collapse. It struck with devastating force, causing carnage in the Dow, the Nasdaq, and the S &P. Triggered by the ever-present fear of inflation—a report that consumer prices had jumped 0.7 percent the previous month—the financial quake had an almost apocalyptic feel, as if it were a cosmic punishment for all the wild-eyed investors who had been swept away by the euphoria of 1999. (Kurtz, 2000, p. 293)

Wall Street was already showing its weaknesses. Kurtz explained the reaction as follows:

> 'Bloody, Friday,'*MarketWatch.com* said in huge letters.
>
> And bloody it was. The Dow had fallen a stunning 618 points to 10,306, the worst point drop in its history. But the tech wreck was even worse. The Nasdaq had plummeted a record 355 points, to 3,321, completing a 25 percent drop for the week and a 34 percent decline from its high just a month earlier. A third of its value had simply vanished into the ether. In five trading days, investors in both exchanges had lost an unimaginable $2 trillion. The week's damage was worse than in 1929, worse than in 1987, worse than anyone had any right to expect. (Kurtz, 2000, p. 295)

It is what happened to CEOs after this tell-tale market drop and the end of the dot-com gold rush (Kurtz, 2000, p. 296) that deserves examination. How was it possible for CEOs to continue to push the greed envelope even further when they had already experienced the biggest plunge in the market since the great depression? How were CEOs able to continue to march forward fearlessly, calling their actions right, regardless of how criminal or unethical—excusing themselves—and citing Adam Smith's utilitarian economic theory, that only greed can propel the economic engine and provide for the common good? (Big Picture Media, 2005).

> Corporate greed has recently dominated the headlines in the United States. The list of fallen and disgraced Chief Executive Officers and Chief Financial Officers is long and alarming, and the stories emerging from the rubble of major corporations are quite disturbing.
>
> For the Ivan Bosky [convicted of insider trading] to be invited to deliver a major lecture to all the MBA students of one of the most prestigious Graduate Schools of Business with the unbelievable message: "GREED IS GOOD!" is beyond belief in an institution of higher learning. (Haller, 2009)

Perhaps Smith's theory is correct—greed is good; and perhaps it is wrong—greed is bad. (Smith, 2008). Regardless of right or wrong, greed exists as a human condition according to Aristotle, (Ross, 2008, Book 3, Chapter 11) and as such needs to be examined as an intrinsic part of the leadership direction. This research paper examines to what extent CEO leadership greed is a compelling motivator for CEOs to set corporate direction.

Abraham M. George of The George Foundation observed the following as far back as 1997:

> One popular assumption that is prevalent today is that success in business rests on greed, deceit, and unfeeling ruthlessness. Accordingly, living a virtuous life is seen as incompatible with profitable commercial activity. Plainly put, many believe that a truly good person cannot succeed in business. Although this perception of morality in the realm of business is widespread and goes largely

> unquestioned, a careful study of truly "successful" people engaged in commercial activity shows that it does not tally with reality. Instead, longer-term success in business, as in all other honorable human endeavors, depends largely on adhering to the highest moral ideals and ethical standards our civilization honors. (George, 1997)

John Wooden, world renowned basketball coach for the University of California, Los Angeles, better known as UCLA, said to a packed audience in 2001 that a person's "*character reputation*" is what a person is perceived to be; and that "*character*" is what you are. He added that they are "not necessarily the same" (TEDGlobal, 2009).

This research looks more closely at how some CEOs can present themselves as ethical, honorable individuals—believe themselves to be so—yet engage in unethical behavior, succumb to greed, and set their corporations on a path to failure. Other CEOs can present themselves as ethical, honorable individuals—believe themselves to be so—and engage in ethical behavior, do not succumb to greed and lead their corporations on a path to success. Where is the disconnect?

Perhaps there is a tell-tale moment, a crossroads, where one CEO chooses one path and another CEO chooses another. Life coach Martha Beck says "The moment we begin tolerating meanness, in ourselves and others, we are using our authorial power in the service of wrongdoing. We have both the capacity and the obligation to do better" (Casey & King, 2010, p. 24).

This then begs the question whether it is really an obligation for CEOs to do better. Further, it cracks open the existence of fundamental differences in CEOs and the motive of their hearts as it relates to succeeding in business. This then opens for examination the question of whether Aristotle's *Magnificent Man*—one who uses wealth to fulfill pure motives of the heart—is achievable and whether this type of CEO really exists (Ross, 2008, Book 4, Chapter 2).

It would seem a convenient, self-serving protocol for individuals running or owning corporations in capitalist, democratic societies, to aspire to get bigger, better, and wealthier—at any price. The demand on CEOs to continuously drive stock value up and satisfy shareholders is relentless. Recent history has shown that this pressure can reach such a compelling crescendo that some leaders in organizations and corporations are driven into moral bankruptcy. The question is: What causes some CEOs to succumb and others to rise above? Is there a tipping point that can be identified as it relates to leadership direction, leadership ethics, and leadership greed?

Statement of the Problem

When creating a new business from the ground up, the CEO is faced with many challenges and many decisions. Each decision sets the course for success or failure. Each decision also requires the CEO to set the company's direction, lay the ethical foundation of the company, and manage greed to drive wealth creation and growth. "Building a web-based business from concept to creation: CEO leadership direction, ethics, and greed," is the problem statement for this dissertation.

Background of the Study

Governments are still meting out "*austerity measures*" in countries around the world that are on the brink of bankruptcy (The Associated Press, 2010, p. 28). What this really means is that bankrupt countries like Greece, Ireland, and Spain need richer countries in the European Union to bail them out. The hundreds of trillions of stimulus dollars were not enough and the world is running out of "debt ability" (Kramers, 2010).

The United States, Canada, England, Portugal, and many more countries are still reeling from the financial chaos set in motion by the CEO greed on Wall Street. The overriding question for enquiry is how did the financial system get so out of control and how did so many CEOs—everywhere in the world—get away with making unethical decisions for so long? It would appear that there was either corruption or complicity at the top—or no one took charge.

By 2009 the consequences of unbridled corporate greed had taken hold and created the world's worst recession—and it is still receding according to Kraig Kramers in his lecture in Toronto, Canada, to an exclusive group of the CEO Global Network (2010). Kramers said he would like to call it a "cataclysmic event" (2010). People once living in homes are living out of their cars or in tent cities. Foreclosures are taking place in unheard of numbers, companies are going out of business in record numbers, hundreds of banks are expected to declare bankruptcy, and the tales of woe go on (Kramers, 2010).

It seems counter-intuitive for CEOs in corporate America to drive a stake through the heart of the richest country in the world—its own. Yet they did. So much so, it appears that CEO unethical behavior and CEO greed have become institutionalized—accepted—and perpetuated. Some research shows that many CEOs throughout the 2000s led their companies in the same direction—toward collapse.

Did the bankrupt ethics of corporate leaders lead them to bankrupt their companies? What is confounding is why any CEO would want to deliberately bankrupt his or her own company. If the answer to this is that they would not—then the question is why did they? They knew what direction they were going in; they were leading. Perhaps there were unseen and misguided variables at work propelling CEOs to lead their corporations toward collapse, or perhaps they were following a new paradigm of leadership success.

Either way, Howard Haller, Chief Enlightenment Officer of The Leadership Success Institute, says we should demand more from our leaders. He writes that, "We must demand that our leaders and other key role models provide the 'right example.'" Here is Haller's description of the current measurement of CEO success:

> The world of the immoral world (sic) of greedy CEO is full of 100 foot yachts, 10,000 sq. ft. homes with tennis courts, media rooms, and ten car garages, immorality and affairs, appropriate goal for a senior executive, expected behavior, and mandatory for all successful CEO's. (Haller, 2009)

Perhaps this description applies to some CEOs and not others. Regardless, there are real consequences for "main street" [the average person] from this CEO excess. They have been asked to foot the bill, everywhere in the world, for Wall Street's lies, secrets, and crimes. In fact, they have no choice. In corporate terms, this is a form of externalities, meaning that unassuming consumers are asked to pay for corporate mismanagement, and if they will pay, then that makes it acceptable (Big Picture Media, 2005).

Purpose of the Study

This dissertation takes a look inside the behavior of CEOs beginning at the start-up stage of a web-based company through to beta launch. In particular, it examines the interrelationship between leadership direction, leadership ethics, and leadership greed—The Leadership Triad—when building a web-based business from concept to creation. Further, it examines their combined impact on the success or failure of the company when utilized by the CEO, who is in the ultimate position of leadership and authority.

Some research revealed that these three variables appear so tightly woven together in leadership decision-making that they are difficult to extricate from each other and look at individually. This dissertation attempts to do just that and examines each variable individually. With insight into each variable it is then possible to better understand the dynamics of their combined effect on decisions that are made by CEOs that lead to the success or failure of a web-based business. In question is: Where does one variable begin and the other end—or are they truly intertwined within the individual?

Studying five separate milestones in the development of a start-up provided the opportunity to examine these three variables individually. It also made it possible to study how these variables work together to direct the decision-making of CEOs to lead their companies toward success or failure.

One of the purposes of this dissertation is to add to the body of work on the core values of leadership in the building of a start-up web-based business. In the next 10 years web-based businesses, particularly business-to-business (B2B) and business-to-consumer (B2C) web-based businesses, are expected to grow exponentially. According to Internet World Stats as of June 30, 2010, there were 1.9 billion internet users with global growth over the last 10 years, averaging 444 %. In North America internet usage has penetrated 77.4% of the population (Miniwatts Marketing Group, 2010). Some businesses may succeed and some may fail. This researcher's action research and her findings will contribute to assisting current and new CEOs to evaluate the necessary leadership direction, leadership ethics, and leadership greed to succeed. It will also serve to point out how these three dynamic variables work together to contribute to a company's success or failure—particularly if it is a start-up.

Research Hypothesis

As the researcher, I participated in action research comprising two consecutive 16-month periods from 2007 to 2010. I arranged to accept the position of President in two separate web-based start-up companies. I worked closely with the CEOs of each company from the concept stage through to the initial beta testing stage of each web-based business. For the purposes of explaining the action research, the companies are called Brand A and Brand B.

Both CEOs were experienced executives and successful entrepreneurs. The hypothesis that CEO leadership direction, leadership ethics, and leadership greed would manifest at five critical milestones in the development of a web-based business was at the heart of the action research. The following are the five milestones and questions presented at each milestone.

1. Milestone one: The business plan
    - What CEO words, actions, and deeds during the development of the business plan contribute to the success or failure a web-based business?
2. Milestone two: Web-based business model that could be monetized
    - What CEO words, actions, and deeds in the creation of a web-based business model, membership model, and monetization of the website contribute to the success or failure of a web-based business?
3. Milestone three: Expertise to build the web-based business and bring it to market

- What CEO words, actions, and deeds in the acquisition of technical expertise to build the website, and marketing and promotional expertise to help bring the website to market contribute to the success or failure of the web-based business?

4. Milestone four: Advisors

    - What CEO words, actions, or deeds in choosing company advisors and developing relationships with the advisors contribute to the success or failure of the web-based business?

5. Milestone five: Partnership arrangement: Common and Preferred Share structure

    - What CEO words, actions, or deeds in negotiating and determining the partnership arrangement and share structure contribute to the success or failure of a web-based business?

A comparative analysis was conducted between the two start-up, web-based businesses—Brand A and Brand B. In particular this researcher examined how the CEOs' execution of leadership direction, leadership ethics, and leadership greed of Brand A and Brand B led to the success or failure of the start-up.

Out of nine recommendations culminating out of this research paper, this researcher recommends expanding the assessment criteria for determining what is ethical or unethical for CEO decision-making. This is supported by Abraham M. George of the George Foundation, who observed:

> Calling right and wrong a 'matter of opinion' discourages many from giving serious consideration to issues of major importance. There is a growing degree of

> cynicism and moral sophistication in our society—a sense that all things are relative and that nothing is absolutely right or wrong. This sense of artificial relativism suggests that absolute notions of good and bad, right or wrong no longer apply. (George, 1997)

This observation lends itself to research beyond the scope of this paper. It would be for another researcher to examine the inclusion of two more assessment criteria—just and unjust, wise and unwise—to the two current evaluators—right and wrong, good and bad. Further research outside the scope of this paper would be needed to provide a more comprehensive formula of checks and balances for CEOs to establish ethical standards for their businesses.

Importance of the Study

Malcolm Gladwell (2005) relays the theory of marketing whiz Cheskin, who "believed that most people don't make a distinction—on an unconscious level—between the package and the product. The product is the package and the product combined" (Gladwell, 2005, p. 160). If this is true, then the same belief may be applied to CEOs; they represent the company and the product combined. They are the brand, and the brand is only as good as they are.

The ultimate global leader is the Pope, who is the CEO of the Roman Catholic Church, one of the largest organizations on earth with over 1 billion Catholics in the world. (Lajolo, 2007) To signify his leadership and holiness the Pope wears what is called a Fisherman's Ring (Canadian Broadcasting Corporation, 2003) based on the metaphor that Jesus Christ was the fisher of men. Each Pope is given a ring that has been individually fashioned for him, and when he dies, the ring is crushed immediately upon his death. Historical accounts (Christian Equippers International, n.d.) have shown that even in this high office, which is perceived as a divine appointment, there has been leadership direction based on greed and the compromise of ethical standards to achieve an end. Just as Popes can fall from the summit of grace, so too can CEOs of corporations, anywhere in the world, fall from grace. It appears there is no guarantee that CEOs practice the ethical standards that they preach. There is a disconnect between what CEOs say and what CEOs do. The question then is: How do leadership direction, leadership ethics, and leadership greed contribute to this gap in the integrity of CEOs?

When leaders of organizations have been proven to act unethically it sends an "arrow to the heart of those who believe in that system" (Canadian Broadcasting Corporation, 2002). It did just that in the case of the downfall of CEOs in the United States starting with the 2002 scandals of Enron, WorldCom, ImClone, and many others. According to the FBI, the number of agents investigating corporate white collar crimes has gone up 47 % from 177 in 2001 to 450 today [2010–2011]. In fact, "since 2007 there have been more than 1,700 pending corporate, securities, commodities, and investment fraud cases" (U.S. Department of Justice, 2010–2011, p. 37). The deceit and crimes of corporate leaders broke the backbone of the economic system. "We put a great premium on leadership honor and trust" (Canadian Broadcasting Corporation, 2002).

This researcher's action research is designed to query what appears to be an intrinsic CEO paradigm comprising the triad of leadership direction, leadership ethics, and leadership greed, and to examine the interdependence of these three characteristics by observing the words, actions, and deeds of CEOs, as they relate to this triad, when building a modern web-based company from concept to creation.

Scope of the Study

From November 2007 to February 2009 this researcher worked as President of Brand A. From July 2009 to October 2010 this researcher worked as President of Brand B. As President, I worked closely with the CEOs of Brand A and Brand B to build a web-based business from concept through to beta launch. I worked with the CEOs of each company throughout each of the five milestones identified in this research paper. To ensure that I remained committed to the growth and success of both Brand A and Brand B, I became a common shareholder in each company.

The CEOs were in the same age range and they were both seasoned executives and entrepreneurs. I was experienced at working with web-based companies and web-based editing technology. This expertise was critical to the development of the business model for both Brand A and Brand B. I engaged in experiential observations and qualitative analysis throughout the 16-month building process in each company. Upon completion of both action research projects I did a comparative analysis on the CEOs' words, actions, and deeds during the five key milestones to developing a web-based business. In addition, I did a qualitative analysis on 11 fundamental differences in the web-based business models that were developed based on CEO leadership direction, CEO leadership ethics, and CEO leadership greed.

Limitation of the Study

The writer of this report is the researcher and participant of the 32-month action research involving two web-based start-up companies. I participated in the same position, with the same roles and responsibilities, in both Brand A company and Brand B company.

This dissertation is written from the researcher's perspective using experiential observations and qualitative analysis during the action research. The academic research included a literature search and multimedia search comprising: books, essays, journals, articles, newspapers, presentations, news programs, documentaries, movies, interviews, videotaped speeches, podcasts, and blogs. Clinical corporate data from Brand A and Brand B included: the business plan, legal documents, action plans, minutes of meetings, accounting documents, emails, letters, interviews, and transcripts of conversations.

Comparative analysis is used to explore, evaluate, and analyze the differences in CEO leadership direction, leadership ethics, and leadership greed and how these differences contributed to the success or failure of each company.

The scope of the terms leadership direction, leadership ethics, and leadership greed are set out in the operational definitions in Chapter 1 and also in more detail in Chapter 2 as each one of these elements is examined independently. These terms are presented as interrelated parts of the leadership triad dynamic.

The analysis also examines the CEOs' words, actions, and deeds at the same five key milestones in building the web-based businesses of Brand A and Brand B. The comparative analysis defines 11 fundamental differences in the web-based business models for Brand A and Brand B that were a direct result of the differences in the CEOs' leadership.

Definitions

Action research: The definition according to the Center for Collaborative Action Research, Pepperdine University, is as follows:

> Action research is a form of cyclic learning that capitalizes on day-to-day work experiences as opportunities to improve practice by gaining even deeper

> understanding of the social, political, and physical forces that shape actions and their consequences. It is a way of learning more from practice by questioning, listening, watching, acting, analyzing, and reflecting. Action research can be done in a formal way with results which can be shared across contexts or it can be conducted informally as a way of learning from and improving one's practice. When conducted formally, action research can provide new understandings of relationships that can become the basis of further study. (Purrington, 2010)

As the researcher in this action research, I had direct actions of practice as President within both Brand A and Brand B companies. Direct actions required that as the researcher participant, I work closely with CEOs of each company for the same length of time—16 months—consecutively. My direct involvement contributed to the success or failure of each company. The action research was designed to help determine where the tipping points were in leadership direction, leadership ethics, and leadership greed of the CEOs, in order to assist other CEOs to develop successful modern web-based businesses. Being able to directly monitor and evaluate the pitfalls at five critical milestones in the development of a web-based business provided the necessary information for experiential learning and qualitative analysis. This action practice provided a rare research opportunity, to contribute to improving the performance of CEOs within web-based businesses which are expected to proliferate.

Another term for action research is Participatory Action Research, more commonly referred to as PAR. According to Purrington at Pepperdine University,

> In PAR, the researcher is an actor in their own research. As a principal actor, the researcher studies the problem, plans, implements action, assesses results, and

> reflects upon outcomes in a series of cycles and over time. They also concurrently study their own leadership practice and the practice of others throughout the iterative cycles. This multi-dimensional and ongoing learning promotes individual and collective capacity building and leads to new and better ways of thinking and "being". PAR is transformative. (Purrington, 2010)

Kurt Lewin founded Action Research and Group Dynamics Models in the early-to-mid 1900s.

Experiential observation and learning: Experiential observation requires the researcher to participate in the process, experience and observe behavior first hand, interpret it by forming an impression, and then reporting on it. “The stages of a 'learning cycle' are managed by a facilitator, but they can also be self-managed or even 'unmanaged'” (Greenaway, n.d.).

The experiential observation focused on the words, actions, and deeds of two CEOs at five critical stages. The observations and learning were centered on examining leadership direction, leadership ethics, and leadership greed and how they impacted the success or failure of Brand A and Brand B.

Experiential learning can be applied to *any* kind of learning through experience as explained below.

> Experiential learning is often used by providers of training or education to refer to a structured learning sequence which is guided by a cyclical model of experiential learning. Less contrived forms of experiential learning (including accidental or unintentional learning) are usually described in more everyday language such as 'learning from experience' or 'learning through experience'.

(Greenaway, n.d.)

There are a number of experiential learning cycles and models including ones developed by: John Dewey in 1938, George Kelly in 1955, Bert Juch in 1983, and David Kolb in 1984 (Greenaway, n.d.).

Comparative analysis: Traditional use of a comparative analysis is to compare and contrast two similar things that have crucial differences. In this paper the two similar things are two web-based businesses that are both start-up companies. The same five milestones are used as the benchmarks for comparing and contrasting Brand A and Brand B.

According to Walk (1998), there are five key elements to a comparative analysis. 1) establishing a frame of reference which in this case are Brand A and Brand B—both web-based businesses with experienced CEOs; 2) establishing grounds for comparison which in this case are the five same key milestones in the development of a web-based business which applies to both Brand A and Brand B; 3) establishing a thesis, which in this case is that both web-based businesses have the same opportunity to succeed or fail from concept to beta launch; 4) establishing an organizational scheme, which in this case is a series of tables that set out the CEO words, actions, and deeds as they relate to each of the five milestones. It then contrasts 11 fundamental differences in the two web-based business models that resulted from the CEO leadership direction, leadership ethics, and leadership greed. 5) establishing links between the two things being compared and contrasted, in this case Brand A and Brand B (Walk, 1998).

Qualitative analysis: The approach taken by this researcher is consistent with this definition of qualitative research methods, which are described as having a:

> Concern with an investigation of the research phenomena *in situ*; that is, within their naturally-occurring context(s). One aim of the qualitative researcher is to tease out the meaning(s) the phenomena have for the actors or participants. (WordIQ.com, n.d.)
>
> Wolcott (as cited in WordIQ.com, n.d.) says that "Generally (though there are exceptions), qualitative research studies rely on three basic data gathering techniques—participant observation, interview, and document or artifact analysis. (WordIQ.com, n.d.)

The action research approach provided this researcher with the environment for conducting qualitative research by examining the words, actions, and deeds of the CEOs of both Brand A and Brand B at the same five critical points in the development of the web-based businesses. The systemic approach to the action research provided the rigor for the qualitative research construct, which in turn provided the qualitative data necessary to conduct the qualitative analysis. The qualitative analysis will help to further the understanding of why and how CEOs contribute to the success or failure of their companies by exercising their leadership direction, leadership ethics, and leadership greed.

Chief Executive Officer (CEO): According to personnel at Princeton University, the Chief Executive Officer is, "the corporate executive responsible for the operations of the firm; reports to a board of directors; may appoint other managers (including a president)" (wordnetweb, n.d.).

The CEO has the most important management role and is the highest-ranking individual in a business. "The CEO is ultimately responsible for the success or failure of the business. He or she provides overall strategic direction for the firm" (Global Oneness, n.d.).

Leadership: There are different types of leaders, different types of leadership styles, and different definitions of leadership. This researcher refers to the definition of *moral leadership* as espoused by Pulitzer Prize Winning author, James MacGregor Burns:

> By this term I mean, first, that leaders and led have a relationship not only of power but of mutual needs, aspirations, and values: second, that in responding to leaders, followers have adequate knowledge of alternative leaders and programs and the capacity to choose among those alternatives: and, third, that leaders take responsibility for their commitments—if they promise certain kinds of economics, social and political change, they assume leadership in the bringing about of that change. Moral leadership is not mere preaching, or the uttering of pieties, or the insistence on social conformity. Moral leadership emerges from, and always returns to, the fundamental wants and needs, aspirations, and values of the followers. (MacGregor Burns, 1978, p. 4)

In a broader context MacGregor Burns explains that:

> Leadership is the reciprocal process of mobilizing, by persons with certain motives and values, various economic, political, and other resources, in a context of competition and conflict, in order to realize goals independently or mutually held by both leaders and followers. The nature of those goals is crucial. They could be separate but related; that is, two persons may exchange goods or services

> or other things in order to realize independent objectives. (MacGregor Burns, 1978, p. 425)

Leadership in this research paper is viewed as a responsibility inherent in the role of the CEO. Exercising leadership direction, leadership ethics, and leadership greed are the responsibility of the ultimate leader and decision-maker in a start-up business.

Business-to-business (B2B) website: A Business-to-Business website is designed for businesses to sell or exchange their products, services, or information with other businesses over the web. A more formal definition is as follows: "On the Internet, B2B also known as e-biz, is the exchange of products, services, or information between businesses rather than between businesses and consumers. B2B is e-commerce between businesses" (SearchCIO.com, n.d).

Business-to-consumer (B2C) website: A Business-to-consumer website is designed to market and sell its services and products directly to consumers over the web (Harden & Heyman, 2009, p. 233). This type of e-commerce conducts transactions between a company and a consumer, as opposed to a transaction between companies.

Web-based business: A web-based business is one that conducts e-commerce over the web. This type of business may also be referred to as an i-business or an e-business. A more formal definition includes:

> An e-business is a company operating via the Internet and can have off-line counterparts, or be a stand-alone enterprise consisting entirely of Internet operations. (Laverty, 2010)
>
> E-commerce is usually considered synonymous with e-business; however, it more specifically refers to the sale of goods online, whereas e-business is

considered an all-inclusive term referring to the business' Internet presence. (Laverty, 2010)

Web-based business model: A Web-based Business Model, also known as an e-business model, is the business model used to conduct business via the Internet. The business model packages and monetizes the products, services, advertising, or other elements of the web-based business as a way to make money.

Each web-based business model is designed specifically to achieve the business objective of the company and commercialize the site. Tim Smith of Red Sky, a web design company, says “When we sit down with clients, we clear the table of all the technical baggage—Java, CGI, back-end transactions—and ask them to concentrate on the experience they want for their users. Then we take it from there.” (US Web Corporation & Bruner, 1998, p. 79)

Monetization of a web-based business: The definition of monetization, “in a modern, web-based context, can be said to be the conversion of a virtual or mostly-virtual asset into money or its equivalent (Monetizationreport.com, n.d.). More specifically, “in Internet terms, monetize refers to finding a way to generate income from items posted on the Web. Websites are usually monetized by either selling ad space or creating a related product line” (Karch, n.d.).

Digital engagement: Digital Engagement is a relatively new concept that is specific to engaging customers interactively over the web. The term “engagement,” when speaking about a digital environment, refers to, “a soft metric that tries to measure the level of interactivity and loyalty to a product or brand” (Harden & Heyman, 2009, p. 235).

User experience: According to the Nielson Norman Group the user experience:

> Encompasses all aspects of the end-user's interaction with the company, its services, and its products. The first requirement for an exemplary user experience is to meet the exact needs of the customer, without fuss or bother. Next come simplicity and elegance that produce products that are a joy to own, a joy to use. True user experience goes far beyond giving customers what they say they want, or providing checklist features. In order to achieve high-quality user experience in a company's offerings there must be a seamless merging of the services of multiple disciplines, including engineering, marketing, graphical and industrial design, and interface design. (Neilson Norman Group, 2007)

Software-as-a-service (SaaS): The definition of software-as-a-service, also referred to as cloud computing, is the distribution of software over the internet as a web-based service. "SaaS allows organizations to access business functionality at a cost typically less than paying for licensed applications, since SaaS pricing is based on a monthly fee. Also, because the software is hosted remotely, users do not need to invest in additional hardware. SaaS removes the need for organizations to handle the installation, set-up, and often daily upkeep and maintenance. SaaS may also be referred to as simply *hosted applications*" (Webopedia.com, 2011).

eMarketing: eMarketing is also referred to as digital marketing, i-marketing, web-marketing. This refers to online marketing and comprises any and all forms of advertising and marketing of products and services over the internet, email, and wireless media. eMarketing spans from creative development to measuring the impact or "metrics" of the eMarketing effort.

According to Chaffey and Smith (2008) in *eMarketing eXcellence*:

> More customers are spending an increasing part of their lives in the virtual world. They are using automated tools to find the products that best meet their needs. Marketers need to analyze demand by consumers for online services and respond to customers' needs in this new wired-up world. (Chaffey & Smith, 2008, p. 7)

To better understand the context of eMarketing for the purposes of this research paper here is a contextual explanation:

> *Emarketing* is at the heart of e-business . . . getting closer to customers and understanding them better, adding value to products, widening distribution channels and boosting sales through running emarketing campaigns using *digital media channels* such as search marketing, online advertising and affiliate marketing. (Chaffey & Smith, 2008, p. 13)

Social media: Social media uses web-based technologies to connect people to people so they can communicate, socialize virtually and interact globally. Social media sites are those "where users actively participate and communicate with one another" (Harden & Heyman, 2009, p. 237).

Social media is "A broad term to describe all the different kinds of content that form social networks: posts on blogs or forums, photos, audio, videos, links, profiles on social networking web sites, and status updates" (Eley & Tilley, 2009, p. 78).

Operational Definitions

Each of these terms are defined in more detail and supported by literature in Chapter 2. These operational definitions are provided in Chapter 1 for introductory purposes.

Leadership direction: CEOs are in a position of ultimate leadership and from this vantage point they are responsible for the strategic direction of the companies they lead. This is a responsibility conferred on them as the leader and one they have accepted.

Leadership ethics: The moral character and corporate nature of a company is set by CEOs who are the ultimate representation of the company brand. They lead by their actions, words, and deeds and, as such, they set and model the expected ethical standards to be followed by those in the company.

Leadership greed: As leaders, CEOs are expected to have leadership qualities which include being self-motivated, visionary, and profit-driven. The success or failure of the companies they lead is tied to their ability to generate profit for their companies. In their position as CEOs, they can leverage their personal level of greed and ambition for corporate and personal gain, corporate and personal celebrity, corporate and personal profit. The extent to which they leverage these characteristics sets the "greed" standard and gives permission to staff to follow suit and engage in acceptable greedy behavior.

Summary

Chapter 1 outlined the problem statement which is defined as "Building a web-based business from concept to creation: *CEO* leadership direction, ethics, and greed." Chapter 1 also explained that the writer of this paper is also the researcher and the participant in action research comprising two consecutive projects, each spanning 16 months from 2007 to 2010.

The action research required the researcher to be a participant, taking an active role as President in the development of two web-based business-to-business companies—Brand A and Brand B—from concept through to the beta launch. This methodology allowed the researcher to work closely with the CEO of each company and analyze the CEO leadership direction, CEO leadership ethics, and CEO leadership greed at five critical milestones in the development of each start-up company.

The hypothesis is to determine to what extent these three variables—leadership direction, ethics, and greed—affected the success or failure of the start-ups. A comparative analysis of the findings of the action research is part of this research paper and includes experiential observations and qualitative analysis.

Some research shows corporate greed and unethical behavior reached unfathomable proportions in 2000 and continued through to 2008, causing the global financial system to tumble—and it was still tumbling two years later. The research also suggests that some CEOs set this direction knowingly—yet denied their involvement—even after being convicted and incarcerated.

Through a literature search and multimedia search, Chapter 2 examines the three elements that comprise the CEO leadership triad: leadership direction, leadership ethics, and leadership greed. The research further examines how the dynamics of this leadership triad in CEOs contributed to the decline of corporations around the world. Chapter 2 also studies CEO Leadership Success and explores how CEOs contribute directly to the success or failure of a business venture.

CHAPTER 2

REVIEW OF THE LITERATURE

Understanding How CEO Direction, Ethics, and Greed Are Inextricably Linked

The Role of the CEO

This dissertation takes an inside look at how the leadership of a Chief Executive Officer (CEO) affects the organizational development of a web-based business from concept to creation. In particular it will compare and contrast what can be perceived as the closely-knit relationship between leadership direction, leadership ethics, and leadership greed as three key factors to success.

The literature and multimedia search examined the beginnings of the Greek term, "ethos" [ethics], introduced by Aristotle and his ten books on Nicomachean Ethics, which he wrote in 350 B.C. It was observed that Aristotle's theories on ethics were knitted together with leadership and greed. This triad of characteristics was examined individually, and in combination, using the 2008 collapse of the financial industry as a backdrop for study and enquiry. This literature and multimedia research set the groundwork for the action research which followed, which required this researcher to analyze, observe, and examine the interconnectedness of leadership direction, leadership ethics, and leadership greed. This researcher studied the theories of academics, scholars, authors, reporters, documentary filmmakers, economists, and others from Aristotle to Adam Smith to Chris Anderson. The research also extended into current works to examine what contributes to the success or failure of modern CEOs building a web-based business from concept through to launch.

The following research is the result of this literature review in combination with journals, essays, studies, web resources, biographies, examination of film scripts, review of documentaries, films, videos, blogs, and other digital resources.

CEO Leadership Direction

Consider the quants.

Quants were an unusual breed of investors who embedded themselves in Wall Street at the top, according to Scott Patterson of the Wall Street Journal.

> They used brain-twisting math and super-powered computers to pluck billions in fleeting dollars out of the market. By the early 2000s, such tech-savvy investors had come to dominate Wall Street, helped by theoretical breakthroughs in the application of mathematics to financial markets, advances that had earned their discoverers several shelves of Nobel Prizes. The quants applied those same breakthroughs to the highly practical, massively profitable practice of calculating predictable patterns in how the market moved and worked. (Patterson, 2010, p. 3)

Wall Street now had two distinct types of investors that led the finance industry on Wall Street, the quants and the nonquants. There was one very distinguishable trait that separated the leadership of the quants and nonquants.

The nonquants were the old guard who used, and directed their staff to use, traditional ideas of corporate value to invest other people's money. They cared about the quality of the products and the quality of the companies in which they invested other people's money. They accepted their fiduciary responsibility.

Not so with the quants. They did not care.

> Quants were agnostic… devoting themselves instead to predicting whether a company's stock would move up or down based on a dizzying array of numerical variables such as how cheap it was relative to the rest of the market, how quickly the stock had risen or declined, or a combination of the two—and much more. (Patterson, 2010, p. 3)

Their egos were large and their wallets larger; they had created their own kind of religion to satisfy their greed, and they gave it a name—The Truth (Patterson, 2010, p. 8).

"The Truth was a universal secret about the way the market worked that could only be discovered through mathematics. Revealed through the study of obscure patterns in the market, the Truth was the key to unlocking billions in profits" (Patterson, 2010, p. 8). And unlock billions they did.

The quants, "living outsized lives of private jets, luxury yachts, and sprawling mansions" (Patterson, 2010, p. 12) were leading the world's biggest gold rush on Wall Street with Hedge Funds—their investment vehicle of choice.

The search for The Truth by these mathematical geniuses who ruled Wall Street took greed to new heights and ethics to new lows. They were focused in one direction, their raging greed was burning up Wall Street, and there was no 911 number to call. There was no stopping where they were headed.

These leaders on Wall Street kept pushing and took The Truth to the next level and created a name for it—the Greek word, alpha.

> *Alpha* is a code word for an elusive skill certain individuals are endowed with that gives them the ability to consistently beat the market. It is used in contrast to

> another Greek term, *beta*, which is shorthand for plain-vanilla market returns anyone with half a brain can achieve. (Patterson, 2010. p. 8)
>
> To the quants, beta is bad, alpha is good. Alpha is the Truth. If you have it, you can be rich beyond your wildest dreams. (Patterson, 2010 p. 8)

The underlying query is: What makes people in positions at the pinnacle of authority and responsibility, entrusted by others to do good on their behalf, engage in wrongful acts and harmful decisions? Somehow it appears that they are able to justify their wrong actions and make their decisions become right, and make right actions and decisions become wrong.

In Aristotle's *Nicomachean Ethics* he explains that individuals in organizations engage in dishonorable activity trying to achieve honor for themselves, and they may achieve honor for a time, but their dishonorable conduct will compromise the "chief good" and bring ultimate discredit to themselves as a person and their organizations (Ross, 2008, Book 4, Chapter 3).

Historians may come to argue that perhaps the quants' motive was not the money or honor; that perhaps it was the thrill of the game, or the thrill of the math and the mastery of the system. In time, historians will come to explain how the quants could see themselves as beyond reproach, above the law, and outside the rules. What we do know is that the quants exhibited a set of ethics all their own and that they called it right; and they were among the few blindly trusted financial leaders. Ironically, they were perceived to know "The Truth" about the markets.

The book, *Lessons from the Edge*, sums it up this way: "It's not about the money. Money is a way of keeping score, but very few entrepreneurs do what they do to 'get rich.' They are driven to do something that has never been done before—to create something new, to capitalize on a new opportunity" (Matthews, J., Dennis, J., & Economy P., 2003, p. 9).

Ken Blanchard's theory of *servant leadership* takes it one step further. Blanchard proposes that leaders who lead with a "what's-in-it-for-me" attitude are rarely successful (Gottry, 2005, p. 47). Blanchard's theory also purports that "leaders who have had the greatest impact have taken the position that they are servants" (Gottry, 2005, p.47). I would suggest that servant leadership theory be refined to identify exactly "what or whom" leaders are serving, however, that is for another research paper to examine. What we do know is that the leadership of the quants had some of the greatest impact on Wall Street and almost collapsed the world's financial industry. It could be perceived that the quants were exhibiting "servant leadership" of a different sort. Their job was one of servants; and they could argue that they were servants of the financial system and were creating the highest returns for their investors whom they served. However, on closer inspection they served their own personal motives, which they used to set direction and lead the financial sector to the brink of collapse.

The world is still reeling from the handiwork of the quants.

Choate (2009) describes it this way, "Wall Street became a casino that gambled away America's wealth. Now our financial system is crippled, and millions of Americans have no savings, no jobs, no credit, and few prospects of recouping their losses" (Choate, 2009, p. xiii).

She draws a bigger picture and says:

> In 2008 and early 2009, the crash wiped out more than 40 percent of the world's wealth, destroyed more than seven million American jobs, and shrank the U.S. gross domestic product by almost 6 percent. Moreover, the decline in the global production closely parallels the decline in the early years of the Great Depression. (Choate, 2009, p. xi)

The tentacles of Wall Street were deeply entrenched in the heart of the financial sectors around the world. It was not a Wall Street crisis—it was a global crisis. As such, it would appear that leaders in countries around the world consented to allowing greed to become accepted, systemic, and institutionalized.

Choate explains that, "Public and private leaders have tolerated chicanery, inequality, tax evasion, financial looting, mass exploitation of poor foreigners, and ruin of the common good" (Choate, 2009, p. xiv).

Leaders around the world set to work to resuscitate the world's financial heart with trillion dollar stimulus packages—starting with the $700 trillion stimulus package by the United States government. Activist Filmmaker Michael Moore said on the Larry King Live television show (Cable News Network, 2010) that Americans now "own about 61% of General Motors."

The question remains: Are leaders resuscitating the world's financial heart with more greed; or are they giving it a blood transfusion to lead it in a new direction—towards Choate's common good—pumping in a new motive of the heart?

According to new austerity measures being taken by global leaders (CBC News, 2010) it would appear that to arrive at the current common good means to direct the taxpayers to pay the price for the financial and corporate sectors' greedy practices. This leadership direction is a practice called externalities.

Renowned economist Milton Friedman explained externalities this way in the documentary, *The Corporation*. "Corporations engage in transactions that affect individuals—third parties who have not consented to the transaction." (Big Picture Media, 2005). The practice is to let others pay for the fall-out of corporate decisions. Friedman described corporations as "externalizing machines to achieve their objective" (Big Picture Media, 2005). He took it a step further and said the thinking in corporations is to "deliver results now and externalize my cost; that the unwary or uncaring public will allow to externalize" (Big Picture Media, 2005).

Michael Martin, CEO of EFFECT Partners, writes that,

> Externalities are costs borne by society as a result of corporate action. As an example, according to the American Lung Association, reducing emissions (ozone and particulate matter) from coal-fired plants in the U.S. would save 14,000 – 36,000 lives each year, prevent 26,000 admissions to hospitals and emergency rooms, eliminate 23,000 non-fatal heart attacks and prevent 240,000 asthma attacks and 440,000 cases of acute bronchitis. (Martin, 2010)

Over 30 years ago, Friedman (2007) posed these rhetorical questions about the leadership of the United States on the Phil Donahue television talk show: "Do you think American Presidents reward virtue? Is political self-interest greater than economic self-interest?" (Friedman, 2007).

Examine the case of the Los Angeles Police Department (LAPD) in the United States where, by the department's own admission, the rich receive police protection and the poor continue to suffer in Los Angeles (LA). “Nobody wants to pay for cops in other people’s neighborhoods” (P.J. Productions, 2005).

According to the documentary, *LAPD*, by reporter Peter Jennings, by November 2002 Los Angeles, the second largest city in the United States, had become the “murder capital” of the United States. He reported that there were 15 homicides in four days and another four deaths at the hands of the LAPD (P.J. Productions, 2005). The documentary stated the Los Angeles Police Department had been deemed corrupt and was under federal oversight.

In the documentary, police were described by citizens of LA as “just another gang that was authorized to legally oppress and kill and then say there is nothing wrong” (P.J. Productions, 2005). The department admits they “used terror to seem bigger than they were” (P.J. Productions, 2005). The reason: officers acknowledged that in order to survive on the streets of Southeast Los Angeles they had to leave their values at home (P.J. Productions, 2005).

The government determined that what was needed was a new police chief, one who could provide a new direction for the LAPD. Police Chief William J. Bratton was brought in from New York City. There was one big difference. The City of Los Angeles did not offer the same leadership, financial commitment, or support to Chief Bratton that he had in New York City to wipe out crime. The Chief was told there was no money (P.J. Productions, 2005).

The irony was that money was the “center of all” (P.J. Productions, 2005) things—for the gangs and for the LAPD. The gangs and police were locked in a holding pattern with each other. This was among Jennings’ first observations—that the police and criminals were “trapped with each other.” Some gangs had as many as 2000 members and others as few as 30. (P.J. Productions, 2005). Lawyer Connie Rice called LA a “third world city” and said it is the result of the “failure of leadership in the city” (P.J. Productions, 2005).

The LAPD example demonstrates that the direction of the leadership at the top flows straight through to the front line. Regardless of the efforts of leaders at lower levels, if the top executives do not provide the necessary leadership support and direction, they will continue against the tide. That said, then the success of an organization begins and ends with leadership direction.

In a bold statement, Choate says, “Misfeasance, malfeasance, and malversation (corruption of officials) distinguished the finances of this era” (Choate, 2010, p. 5). This being true for financial leaders, and this being true for LAPD, then this could also be true for other leaders in this era. Therein lies the paradox.

> This is a society which, as the divide between the happy and the abject grows, tries, now by education, now by medication, now by paradox, now by distraction, to avoid the inhuman consequences of its collective actions, and in the end – because none of those strategies is effective – it is one that uses specific strategies for vacating reality. (Edney, 2005, p. 3)

However, sooner or later reality catches up and radical change is required in leadership direction as in the case of the quants and the LAPD. Edney proposes the need for systemic change. “We need a whole new strategy for change, in which a person who feels he is part of the problem may also be part of the solution” (Edney, 2005, p. 24).

Alice M. Rivlin, in her lecture to the American Society for Public Administration, said that one of the premises for a free market capitalist system is "harnessing self-interest to the common good" (Rivlin, 2003, p. 8).

Systemic change as proposed by Edney does not happen by itself. It needs leadership willing to direct and lead the charge for change. The leadership of current corporations then begs to be examined.

Ray Anderson, CEO of Interface, in the film, *The Corporation*, called the corporation a "monster" that "devours as much profit as it can at anyone's expense." Incorporating a company gives its owners and shareholders limited liability. An incorporated company is regarded as a separate living entity—a legal person. Hence, the description of some corporations as "good corporate citizens" (Big Picture Media, 2005).

There is one fundamental difference between a corporation and a person. A corporation has "no moral conscience" and it has "no soul to save, no body to incarcerate" (Big Picture Media, 2005). It lives or dies based on profit. The law supports keeping corporations profitable. The law requires leaders of corporations to put the financial interest of the corporation and its shareholders as their first priority; so much so that they are "to put the bottom line ahead of everything else, even the public good" (Big Picture Media, 2005).

Leaders of corporations, in their efforts to lead their corporations to higher profits, may find this a problematic direction to follow. Maintaining that an incorporated company is a "person," then what type of person would it be, is the question posed in the documentary, *The Corporation*. There are eight distinct attributes of modern corporations which together provide a picture of a person with a form of psychosis. They are: 1)

Incapacity to maintain enduring relationships; 2) Reckless disregard for the safety of others; 3) Callous unconcern for the feelings of others; 4) Incapacity to maintain enduring relationships; 5) Reckless disregard for the safety of others; 6) Deceitfulness: repeated lying and conning others for profit; 7) Incapacity to experience guilt; and 8) Failure to conform to social norms with respect to lawful behaviors (Big Picture Media, 2005).

The irony is that the legal push to create profit at any expense has pushed leaders into illegal activities. Robert Weissman of *Multinational Monitor*, says that the list of the top 100 corporate criminals in the 1990s showed that "many leading corporations in our country [United States] and around the world are involved in criminal activities (Big Picture Media, 2005). He adds that the "list itself massively underestimates the extent of corporate crime, that's in part because many things that corporations do aren't defined as crimes" (Big Picture Media, 2005).

Although some corporate actions may not be defined as crimes, "More than 70 percent of American consumers have, at some point, punished companies they view as unethical either by avoiding a company's products or speaking negatively about the company to others" (Lennick & Kiel, 2008, p. 17).

Filmmaker, Michael Moore thinks there should be more action by consumers and citizens. In his controversial documentary, *Capitalism: A Love Story*, he narrates the following:

> We live in the richest country in the world. We all deserve a decent job, healthcare, a good education, a home to call our own. We all deserve FDR's [President Franklin D. Roosevelt's] dream and it's a crime that we don't have it and we never will as long as we have a system that enriches the few at the

> expense of the many. Capitalism is an evil and you cannot regulate evil. You have to eliminate it and replace it with something that is good for all people and that something is called democracy. (Moore, 2009)

Moore, near the end of his film, puts out a call to action, "I refuse to live in a country like this and I'm not leaving" (Moore, 2009). He then speaks directly to his audience, "You know I can't really do this anymore, unless those of you who are watching this in the theatre want to join me. I hope you will, and please, speed it up" (Moore, 2009).

Moore's campaign is to get citizens to take back the reigns of leadership from corporations and governments. If he, and others who are like-minded around the world succeed, theorists may well look at these years as the turning point in history.

This shift, where citizens of a country wrest leadership and control out of the hands of government and corporations for the common good, has recently been witnessed in Bolivia.

Water was once considered part of the *"Commons"* like land and air. The "Commons" were things that could not be privatized and were for the common good. Bolivia, in debt to the World Bank, sought the World Bank's approval to refinance its public water in its third largest city, Cochabamba. The World Bank's reply: Sell the rights to the water—privatize it. Bolivia complied and sold rights to the water, including rights to rain water, to a San Francisco-based company. According to Oscar Olivera, Coalition in Defense of Water and Life, gathering rain water was prohibited. Paying for water could cost up to one-quarter of a person's income. People who did not pay their water bills could lose their homes. Bolivians took to the streets in protest with the slogan, “The Water is Ours Damn it!” Violence ensued and did not stop until the people took back their water (Big Picture Media, 2005).

The 2008 election of United States President Barack Obama held international hope for change. Wall Street had collapsed and citizens around the world were paying the price. President Obama told the world unequivocally that he would lead change. His campaign slogan was “Change We Can Believe In” with a book of the same title published on September 9, 2008 and “Yes We Can” (Obama, 2008) was the mantra for change during his Presidential acceptance speech. He understood the possible weight and strength of his leadership upon the world and that he was in a position to direct change. He came to this understanding during a trip in Africa:

> The Africa trip turned out to be a revelation for both Barack and Michelle…. In Nairobi thousands lined the streets and stood on rooftops chanting, ‘Obama iro, yawne you!’—‘Obama’s coming, clear the way!’ The crowds were bigger than any he had experienced since the Democratic convention, but unlike that audience, the African throngs were there for him and him alone.
>
> But what Michelle saw as overwhelming, her husband viewed as possibility. He began to entertain the notion that he’d tapped into something remarkable: that by virtue of what he represented, he might be able to effect change on a global scale. It was heady and humbling at the same time, nothing short of an epiphany. (Heilemann & Halperin, 2010, pp. 55–56)

At this moment, Barak Obama understood the meaning of what he could accomplish through leadership.

It is one thing for a leader to say he/she will lead in a certain direction; it is another thing to do it. Jim Collins, (2009) points the finger at hubris (Collins, 2009, p. 27). He says that *Hubris Born of Success* is the first stage of falling from a position of leadership (Collins, 2009, p. 27). He says, “It kicks in when people become arrogant, regarding success virtually as an entitlement, and they lose sight of the true underlying factors that created success in the first place” (Collins, 2009, p. 21). By this point they have overestimated their own merit and capabilities. Collins says that once hubris takes hold amongst successful leaders it makes way for Stage 2 of the fall by creating what he calls the *Undisciplined Pursuit of More*—more scale, more growth, more acclaim, more of whatever those in power see as “success” (Collins, 2009, p. 21). He says at this point they have strayed from the “disciplined creativity that led them to greatness” (Collins, 2009, p. 21).

Mintzberg, Simons, and Basu in their article, “Beyond Selfishness” state, “A syndrome of selfishness, built on a series of half-truths, has taken hold of our corporations and our societies, as well as our minds. This calculus of glorified self-interest and fabrications upon which it is based must be challenged” (Mintzberg et al., 2002). They wrote this before Wall Street fell.

CEO Leadership Ethics

Ethics, or Ethos, was conceived by the philosopher Aristotle in his treatise Nicomachean Ethics in 350 B.C (Ross, 1994–2009). Ethics provided a framework for Aristotle to describe behavior of persons, organizations, and societies in terms of right and wrong; good and bad; just and unjust; wise and unwise. Many of his theories still apply today.

Aristotle experienced the effects of organizational leadership ethics early in his life. According to historical accounts, Aristotle spent 20 years as Plato's protégé at the Academy, an institution of higher learning similar to a university, started by Plato in Athens. All expected the leadership of the Academy to be passed on to Aristotle upon Plato's death in 347 B.C. Instead it was handed to Plato's nephew Speusippus (Ross, 1994-2009). Aristotle left the Academy and left Athens. He returned to Athens in 335 B.C. and founded his own institute of higher learning called the Lyceum (Internet Encyclopedia of Philosophy, 2005).

Aristotle believed that, "clearly not all ends are final ends; but the chief good is evidently something final" (Ross, 2008, Book 1, Chapter 7). Aristotle defined his meaning of *final* as the final goal or ultimate goal which also means that there are ulterior motives at play. He explained that, "we call final without qualification that which is always desirable in itself and never for the sake of something else" (Ross, 2008, Book 1, Chapter 7). Perhaps Aristotle understood that had he remained at the Academy he would not have started the Lyceum. One might assume that both the Academy and the Lyceum had the purity of "final" goals as described by Aristotle's definition.

Aristotle in his pursuit of the meaning of ethos or ethics, said there are two kinds of virtue:

> Intellectual and moral, intellectual virtue in the main owes both its birth and its growth to teaching (for which reason it requires experience and time), while moral virtue comes about as result of habit, whence also its name (ethike) is one that is formed by a slight variation from the word ethos (habit). From this it is also plain that none of the moral virtues arises in us by nature; for nothing that exists by

> nature can form a habit contrary to its nature. For instance the stone which by nature moves downwards cannot be habituated to move upwards, not even if one tries to train it by throwing it up ten thousand times… Neither by nature, then nor contrary to nature do the virtues arise in us; rather we are adapted by nature to receive them, and are made perfect by habit. (Ross, 2008, Book 2, Chapter 1)

Perhaps by extension, it can then be deduced that not only is unethical behavior by individuals learned, but unethical behavior is accelerated and mastered the more it is practiced.

What may start as one incident of unethical decision-making by one person in an organization, particularly in a leadership position, may grow into many incidents of unethical decision-making. The unethical behavior of the leader may spread to those who report to the leader, or look up to the leader to model the acceptable behavior.

Behavioral economist, Dan Ariely, (TED Talks, 2009) recounted in his TED Talks speech about the experiment he conducted on cheating at Carnegie Mellon and Pittsburgh Universities. When a paid actor wearing a Pittsburg University sweatshirt, engaged in cheating behavior at Carnegie Mellon University in front of other students, the number of students cheating went down. In the same exercise, when a student wearing a Carnegie Mellon University sweatshirt at Carnegie Mellon University was engaging in cheating behavior, the number of students cheating went up. Ariely explains this behavior, “It was about the norms of cheating. If somebody from our in-group cheats and we see them cheating, we feel it’s more appropriate, as a group, to behave this way” (TED Talks, 2009).

That determined, should unethical behavior become widespread within an organization, it can become an acceptable behavior and is no longer seen as corrupt. By extension, once accepted by one organization it may spread to other organizations until the corruption becomes systemic, even societal. Take the example of the food safety scandals. “Every year, 76 million Americans fall ill from something they ate. Of that number, 325,000 are hospitalized, and 5,000 die” (Marler, 2008). Not only does this persist, but the number of food safety scandals has increased dramatically since 2007.

The industry has an ethics challenge because the “USDA [United States Department of Agriculture] policy supposedly states that it is all right to sell tainted meat as long as it was ‘intact’ when it left the plant” (Marler, 2008). According to Marler, “since the spring of 2007, we’ve seen an explosion of nearly 40 million pounds of beef recalled because it was contaminated with E. Coli 0157:H7” (Marler, 2008).

Bill Marler, lawyer and activist, says “I fear we are at a tipping point. If this situation is allowed to further deteriorate, the public harm is going to be immeasurable—both in terms of lives damaged and businesses lost” (Marler, 2008).

Mary Gentile, the driving force behind the *Giving Voice to Values* project, advises that “it is important not to underestimate how difficult it can be to even know what our own core values are, and whether or not a particular practice conflicts with them” (Gentile, 2010, p. xxv).

Gentile is either providing excuse-making for leaders or posing the challenge to leaders to step up and take responsibility for knowing their core values and being prepared to act accordingly. Gentile argues that people first need to know what they believe is right before they can practice it (Gentile, 2010, p. xxiii). She acknowledges that the “thorniest choices we face in our lives are less about right versus wrong than about right versus right” (Gentile, 2010, p. xxv).

Ethical issues arise when leaders are faced with what appears to be two equally “right” solutions. Making the “right” decision then rests solely on the leader’s ethical choice. Since the “right thing to do” is an ethical standard, then I would argue that there need to be other variables in addition to evaluating only “right and wrong.” This would suggest more research needs to be done on examining the inclusion of good and bad; just and unjust; wise and unwise into determining what is right and wrong to support the decision-making of ethical leaders.

Gentile’s overriding view is based on the assumption that people want to do what is right. She states that, “Even though we may all sometimes act unethically, the fact is that we all do sometimes also act ethically” (Gentile, 2010, p. xxiii).

Based on this assumption, Gentile promotes the belief that people are not good or bad, ethical or not ethical, they are in fact both and they make choices to be one or the other in different circumstances.

Gentile argues, using a quote from Robert Kane’s book, *Through the Moral Maze*, that “the ethical argument is not primarily directed at those who are bent on doing evil. It is directed in the first instance not at bad people, but at good people whose convictions are being drained by intellectual and moral confusions” (Gentile, 2010, p. 4).

Intellectual and moral confusion cannot be used to justify unethical decisions made by leaders. Leaders must be held to a higher account in their ethics and decision-making. The behavior of leaders—good or bad—can readily inculcate throughout the organization they lead. Remember the quants.

When leaders tolerate unethical behavior in themselves, it sets the stage to be mimicked by others. When leaders do not tolerate unethical behavior in themselves, it opens the door to inspiring others. Friedman (2009) quotes Conservation International expert, Michael Totten as saying, “Ninety percent of the people living in extreme poverty around the world today are directly dependent on the forests for their food, fuel, shelter, freshwater, and fiber. Many of them are also indigenous peoples whose cultures will not survive if the forests don’t survive. There has to be an international system to support whatever arks local communities build” (Friedman, 2009, p. 369).

Aristotle said that:

> It is no easy task to be good…or give or spend money; but to do this to the right person, to the right extent, at the right time, with the right motive, and in the right way, that is not for every one, nor is it easy; therefore goodness is both rare and laudable and noble. (Ross, 2008, Book 2, Chapter 9)

Perhaps the greatest distance between ethical and unethical behavior is the distance between 0 and 1. The first ethical gesture or the first unethical transgression by someone in a leadership position may have the greatest impact on the organization. Leadership presents with a series of crossroads.

Take the story of Ray Anderson, CEO of Interface. He was asked to give a speech on Interface’s environmental vision—and he did not have one. In his own words he says, “I never gave a thought about what we were taking from the earth” (Big Picture Media, 2005). He searched for answers and read the book the *Ecology of Commerce* by Paul Hawken and for the first time realized that he had been running his company like, “a plunderer; taking something that didn’t belong to us [Interface]” (Big Picture Media, 2005). His epiphany was prompted by Hawken's explanation of the "death of birth." Anderson believes that "someday people like me will end up in jail" (Big Picture Media, 2005).

Anderson immediately moved forward with an environmental vision for Interface, which has since inspired his employees to come with green solutions for their manufacturing and other processes. His ethical leadership has paid off in Interface's bottom line, and other corporations are asking him how he did it. Jackson set new ethical standards which are now being adopted by other companies (Big Picture Media, 2005). He cautions other leaders to avoid "greenwashing," which means saying you will go green and then you don't do it (Big Picture Media, 2005). It is not only what leaders do, but also what they do not do, that can establish ethical standards in organizations.

Without strong leadership and ethical direction, an organization can quickly spiral downward and institutionalize unethical behavior in decision-making at all levels. The danger then is that, once unethical behavior becomes pervasive and systemic, those who practice ethical behavior find themselves treated as outsiders. Their ethical behavior is no longer acceptable. Once the ethical standards change, the rules of engagement change. What was once wrong becomes right. When this happens, everyone at all levels in the organization is faced with an ethical dilemma. Each person must then choose whether to stay and engage in what he/she believes is wrong and unethical to pay the rent and buy food, or to leave and lose his/her livelihood.

Guest writer Bowen McCoy in Hartman & DesJardin's book (2011) states that, "To be ethical is to follow the business as well as the cultural goals of the corporation, its owners, its employees, and its customers" (McCoy, 2011, p. 71). This would assume that the corporation's practices, its owners, and fellow employees are ethical and that blindly following them makes a person ethical. This assumption has been fodder for many films. Examine the ethics of Arthur Eden, a lawyer in the fictional movie script, *Michael Clayton*, by scriptwriter Tony Gilroy (2006).

Gilroy weaves the story around a law firm, Kenner, Bach & Ledeen LLP, Attorneys at Law. The firm has a fixer, a lawyer by the name Michael Clayton. When things go wrong for clients, he sets them right—by whatever unethical measures it takes. On the one hand, he is invaluable; on the other, he is a liability. He knows too much; he has become the "Keeper of the Hidden Sins" (Gilroy, 2006, p. 7). His colleague and good friend at the firm is Arthur Eden, a well-respected lawyer whose feats in the courtroom are legendary. Arthur seems to be having a meltdown; he is having a crisis of conscience, morality, and identity. He had been with the law firm for 28 years and in that time he had knowingly become complicit in the unethical behavior of his clients and of his firm. He was becoming something he could no longer tolerate. He had reached the tipping point in participating in unethical corporate behavior. He was no longer the man he thought he was. He describes his self-realization this way to Michael Clayton:

> I realized, Michael, at that moment, that I had emerged—as I have done nearly every day for the past twenty-eight years of my life—not through doors of Kenner, Bach & Ledeen--
>
> —not through the portals of our huge and powerful law firm, but rather from the asshole of an organism whose sole function is to excrete the poison—the ammo—the defoliant—necessary for even larger and more dangerous organisms to destroy the miracle of humanity—

—and that I have been coated with this patina of shit for the better part of my life and that the stink and stain might in all likelihood take the rest of my days to undo— (Gilroy, 2006, pp. 3–4)

Arthur in his distress goes into the parking lot and strips naked. He says the following to Clayton later: “Therapeutically, it was useless, because Michael, I swear, if I stood there and peeled off my fucking skin I couldn’t get down to where this thing is living” (Gilroy, 2006, p. 31).

Arthur cannot be consoled. He describes his state as “I have blood on my hands.” and “I am an accomplice” (Gilroy, 2006, pp. 33–34). Arthur, horrified at his own behavior, accepts responsibility for his wrongdoing and will no longer accept doing wrong. Arthur then attempts to expose the wrongdoing of a major client to cleanse himself. The disclosure would ruin the firm and its lawyers. Arthur is killed by a colleague. Clayton finds out, and is offered $10 million to make it go away. Arthur’s death challenges Clayton’s ethics. He does not accept the money and exposes the killer. Arthur’s death became Clayton’s tipping point for ethical behavior (Gilroy, 2006).

Despite years of unethical behavior, Michael Clayton restores his honor, virtue, and ethics by making the “right” decision and doing the “right” thing. This is how people prefer to see themselves, as noble and doing the right thing.

McCoy states that, “organizations that do not have a heritage of mutually accepted, shared values tend to become unhinged during stress, with each individual bailing out for himself or herself. In the great takeover battles we have witnessed during past years, companies that had strong cultures drew the wagons around them and fought it out, while other companies saw executives—supported by golden parachutes—bail out of the struggles" (McCoy, 2011, p. 70).

That being said, it still comes down to the individual and his/her choices and motives behind each decision as witnessed in the story of *Michael Clayton*.

> In spite of codes of ethics, ethics programs and special departments, corporations do not make ethical decisions. Individuals make ethical choices. A business should provide the environment or atmosphere for acting ethically, but it is the people of the business that put ethics into practice. (George S. May International Company, 2006)

The research then poses the question: Why do some good leaders do bad things? "People predict they will behave more ethically than they actually do, and when evaluating past unethical behavior, they believe they behaved more ethically than they actually did" (Tenbrunsel, Diekmann, Wade-Benzoni, & Bazermann, 2007, p. 2). They contend that "these misperceptions can lead to continued unethical behavior" (Tenbrunsel et al., 2007, p. 2).

How leaders see themselves and how they remember their own behavior contribute to their future ethical or unethical choices.

> People mispredict and misremember their ethical behavior. In doing so, we argue that our predictions and post-hoc evaluations of our behavior are dominated by the thinking of our "should" self—thought about how we should behave—but, at the time of the decision, our actual actions are dominated by the thinking of our "want" self—what we desire to do. (Tenbrunsel et al., 2007, p. 4)

> The distinction between the *should self* and the *want self* helps to explain why some executives can make decisions contrary to what they believe they would do in a given situation. (Tenbrunsel et al., 2007, p. 6)

Examine the ethical dilemma in the *Parable of Sadhu*, a personal story written by investment banker, Bowen H. McCoy in the book *Business Ethics, Decision-making for Personal Integrity & Social Responsibility* (McCoy, 2010, pp. 67–69).

McCoy and his friend Stephen were on their way up Mt. Everest. At 15,000 feet, a New Zealander, who had gone ahead, had made his way back down and dumped an almost naked, barefoot body of an Indian holy man, a sadhu, at McCoy's feet. The New Zealander had found him lying on the ice, shivering and suffering from hypothermia. McCoy took the sadhu's pulse. He was still alive. McCoy was concerned about making it over the pass and left the sadhu with his friend, Stephen. He also noted that Japanese climbers were marching up with a horse. McCoy made it to the summit and shortly after so did Stephen who upon his arrival asked him, "How do you feel about contributing to the death of a fellow man?" McCoy asked confused, "Is the sadhu dead?" Stephen replied, "No. But he surely will be." McCoy never found out if the sadhu had lived or died (McCoy, 2010, p. 69).

Stephen had trouble reconciling his decision to leave the sadhu.

He said, "I feel that what happened with the sadhu is a good example of the breakdown between the individual ethic and the corporate ethic. No one person was willing to assume ultimate responsibility for the sadhu. Each was willing to do his bit just so long as it was not too inconvenient. When it got to be a bother, everyone just passed the buck to someone else and took off" (McCoy, 2010, p. 69). He was ascribing this behavior also to himself and McCoy.

Whether McCoy or Stephen could set it right within themselves depends on personal endeavor. McCoy says, "My excuses for my actions include a high adrenaline flow, a super ordinate goal, and a once-in-a-lifetime opportunity—common factors in corporate situations, especially stressful ones" (McCoy, 2010, p. 70). The factor at play here is McCoy's ability to make excuses for his actions in order to justify them, regardless of the consequences of his behavior. Neither he nor Stephen can go back and change the decisions they made. Being able to excuse not doing what he should have done, and justify what he wanted to do, creates the ethical dilemma, at the time and remains thereafter.

Gladwell (2002) delves more deeply into the factors that contribute to people's decision-making and what tips them to do that which is ethical or unethical. He describes the study done by two Princeton University psychologists John Darley and Daniel Batson. Their study was inspired by the biblical story of the Good Samaritan (Gladwell, 2002, p. 163). Gladwell describes the study as follows:

> Darley and Batson met with a group of seminarians, individually, and asked each one to prepare a short, extemporaneous talk on a given biblical theme, then walk over to a nearby building to present it. Along the way to the presentation, each student ran into a man slumped in an alley, head down, eyes closed, coughing and groaning. The question was: who would stop and help? (Gladwell, 2002, p. 164)

Some seminarians were told they were late for the talk and some were told they had time to spare. "Of the group that was in a rush, 10 percent stopped to help. Of the group who knew they had a few minutes to spare, 63 percent stopped" (Gladwell, 2002, p. 165).

Gladwell sees the results of the study this way:

> What this study is suggesting, in other words, is that the convictions of your heart and the actual contents of your thoughts are less important, in the end, in guiding your actions than the immediate context of your behavior. The words, 'Oh, you're late' had the effect of making someone who was ordinarily compassionate into someone who was indifferent to suffering – of turning someone, in that particular moment, into a different person. Epidemics are, at their root, about this very process of transformation. (Gladwell, 2002, pp.165–166)

As such, executives can make decisions contrary to what they believe they would do in a given situation. Banaji, Bazerman, & Chugh, (as cited in Tensbrunsel et al. 2007), "Our morality is constrained in systemic ways that favor self-serving perceptions, which in turn can result in behaviors that contradict our intended ethical standards" (Tenbrunsel et al., 2007, p. 3).

This distortion can be compounded by ethical fading. This occurs in leaders whose "Self-deception allows for the ethical discoloration of a decision, or the fading away of its ethical aspects" (Tenbrunsel et al., 2007–2009, p. 20). Leaders who engage in ethical fading "reconstruct the perceptions" (Tenbrunsel et al., 2007–2009, p. 25) of their behavior. According to the authors, ethical fading is used to "reconcile the discrepancy between what happened and our ethical self-perceptions, thus enabling us to satisfy our need for moral self-esteem" (Tenbrunsel et al., 2003, p. 25).

McCoy acknowledges that,

> Real moral dilemmas are ambiguous, and many of us hike right through them, unaware that they exist. When, usually after the fact, someone makes an issue of one, we tend to resent his or her bringing it up. Often, when the full import of what we have done (or not done) hits us, we dig into a defensive position from which it is very difficult to emerge. In rare circumstances, we may contemplate what we have done from inside a prison. (McCoy, 2010, p. 70)

So it is in the case of Conrad Black who was found guilty of obstruction of justice and stealing money from the shareholders of a public corporation he controlled (McClearn, 2007). Black, although found guilty with three others, persists in saying he did nothing wrong, despite videotaped evidence of his personal illegal removal of documents from his office. Evidence or no, Conrad Black still protests his innocence and has appealed the convictions. It would seem that his perception of what he did is different than the jury's.

Black's unethical behavior and belief that he did nothing wrong spread to those who worked with him. Take the case of Peter Atkinson, a former senior lawyer who worked for Black's companies. Atkinson was highly regarded within the law community. Fred Cass, a lawyer for Aird & Berlis LLP, recalls Atkinson as a man, "who brought the utmost integrity to the practice of law" (McClearn, 2007). Ed Cherniak, Black's lawyer, echoes these sentiments regarding Atkinson. "I can think of no one among my colleagues at the Bar I would have considered likely to have been caught up in the trouble that Peter now finds himself in" (McClearn, 2007). Cherniak went so far as to say of Atkinson that he was "incapable of knowingly doing anything remotely dishonest or unethical" (McClearn, 2007). Evidence during the trial showed another side of Atkinson in which “he took steps to conceal his improprieties from others who needed to know” (McClearn, 2007). Business writer, Mathew McClearn says that the demise of Atkinson demonstrates that, “People can be shaped by the organizations they work for” (McClearn, 2007).

Ken Lay and Jeff Skilling who masterminded the Enron scandal were convicted of corporate fraud. They wiped out $2.1 billion from employee pension plans and blew the top off white-collar crime and corporate fraud in America (CBC Doc Zone, 2010). Hartman and DesJardins cite the corporate culture at Enron as “committed to pushing the envelope of legality as far as possible in order to get away with as much as possible in the pursuit of as much money as possible” (Hartman & DesJardins, 2011, p. 18). Enron had values, just not ethical values.

According to Business Editor Doug Cunningham (2006), approximately 1000 corporate executives were “busted and convicted from the fallout of the corporate and accounting scandals. According to Friday’s Wall Street Journal, the total includes some 82 chief executive officers” (Cunningham, 2006). CEOs cheating people out of their money are not the only ones cheating. According to David Callahan author of, *The Cheating Culture*, cheating is a “disturbing trend” (Callahan, 2006). He states cheating is pervasive and normalized (Callahan, 2006). “Tax evasion in the U.S. has more than doubled in the last decade. It’s now about 350 billion a year” (Callahan, 2006).In addition, “theft or fraud by employees is the single biggest form of crime in the United States. It adds up to over 600 billion a year” (Callahan, 2006).

As such, the strength of character and ethics of individuals and organizations continue to be tested, “Because corporations and their members are interdependent, for the corporation to be strong the members need to share a preconceived notion of correct behavior, a "business ethic" and think of it as a positive force, not a constraint" (Hartman & DesJardins, 2011, p. 70). This statement reveals an interesting development, which has quietly made its way into the corporate psyche. Taking responsibility for doing the right thing—correct behavior—may be perceived as a constraint. This presents a new corporate irony.

According to the Center for Academic Integrity, "Being responsible means taking action against wrongdoing, despite peer pressure, fear, loyalty, or compassion" (Office of College Relations at Oakton Community College, 1999, p. 9).

The emphasis on the word, *responsible*, suggests that without accepting responsibility—or ownership over the problem—there can be no ethical behavior. More research into the corelationship and codependence of responsibility and ethical behavior, particularly in leadership, is recommended. It is also suggested that ethical decision-making by leaders be further explored to examine the interconnectedness of accountability to 1) owning responsibility for the problem; 2) owning responsibility for the decision; 3) owning responsibility for the action; and 4) owning responsibility for the solution.

McCoy contends that, "Not every ethical dilemma has a right solution" (McCoy, 2011, p. 70). That said, then, it would suggest that the converse is true—not every ethical dilemma has a wrong solution. The question becomes: How does someone know the right thing to do?

Ethics as we know them are based primarily on discerning right from wrong and good from bad. Leaders who are called upon to make ethical decisions, and who are faced with a dilemma that appears to have neither a right nor a wrong answer, may need to push the boundaries of their decision-making process to include the examination of the just from the unjust, and the fair from the unfair. The ethicality of the decision is often manifested in the consequences of the decision. According to Hartman and DesJardins "an individual's or a corporation's set of values may lead to either an *ethical* or *unethical* result" (Hartman & DesJardins, 2011, p. 18).

Francesca Gino and Don A. Moore of Tepper Business School, Carnegie Mellon University, together with Max H. Bazerman of Harvard Business School, Harvard University, did a study called, *See no Evil: When We Overlook Other's Unethical Behavior*. They revealed the tendency of people "to assess unethical behaviors only after the unethical behavior has resulted in a bad outcome, but not during the decision process" (Gino, Moore, & Bazerman, 2008, p.18). That said, as long as Wall Street was lining the pockets of their executives, shareholders, clients, and the market, it was all good. I would argue then, that most individuals and executives at all levels in corporations, look the other way when unethical decisions are being made—as long as they can benefit from them and there is no immediate bad outcome for them.

Senior executives adopt new language and create new phrases to blur the ethical from the unethical decisions to make them more acceptable. According to Tenbrusel et al., (2007) this is deliberate calculation on the part of management. "Phrases such as "right-sizing" and "creative-accounting" hide the ethical implications of more ethically laden phrases such as "firing" and "manipulating the books."Such phrases allow us to deceive ourselves that the decision is void of ethical implications" (Tenbrunsel et al., 2007, p. 22).

History has shown that tough, ethical decisions take strength of character (MMIV Discovery Communications, 2005). McCoy agrees and says that:

> People who are in touch with their own core beliefs and the beliefs of others and who are sustained by them can be more comfortable living on the cutting edge. At times, taking a tough line or a decisive stand in a muddle of ambiguity is the only ethical thing to do. If a manager is indecisive about a problem and spends time trying to figure out the "good" thing to do, the enterprise may be lost." (McCoy, 2011, p. 71)

This would mean that leaders must have within them an established set of values from which they may draw to make corporate decisions; particularly when pressed. It may then be deduced that a leader's personal values provide the ethical framework for corporate decision-making. Hartman and DesJardin offer the following examples: "Financial values serve monetary ends; religious values serve spiritual ends; aesthetic values serve the end of beauty; legal values serve law, order and justice, and so forth" (Hartman & DesJardins, 2011, p.18). They state that the, "Different types of values are distinguished by the various ends served by those acts and choices" (Hartman & DesJardins, 2011, p. 18).

The authors then pose the question, "How are ethical values to be distinguished from these other types of values" (Hartman & DesJardins, 2011, p. 18). Hartman and Desjardins suggest that,

> First, ethical values serve the ends of human well-being. Acts and decisions that seek to promote human welfare are acts and decisions based on ethical values. …Happiness certainly is part of it, as are respect, dignity, integrity and

> meaning…. Second, the well-being promoted by ethical values is not a personal and selfish well-being. …Ethics requires that the promotion of human well-being be done impartially. From the perspective of ethics, no one person's welfare is more worthy than any other's. Ethical acts should be acceptable and reasonable from all relevant points of view." (Hartman & DesJardins, 2011, p. 19)

It would then appear to be a challenge for corporate leaders, who ascribe to capitalist values, to also ascribe to Hartman and DesJardin's philosophy of ethical values. The authors admit these may be diametrically opposed. They state:

> The biggest challenge posed by egoism (people act only out of self-interest), and according to some, the biggest challenge to ethics is the apparent gap between self-interest and altruism, or between motivation that is "self-regarding" and motivation that is "other-regarding." Ethics requires us, at least at times, to act for the well-being of others. Yet, some would claim that this is not possible. Humans only act from self-interested motives. (Hartman & DesJardins, 2011, p. 117)

Aristotle's view differs from Hartman and DesJardin at a fundamental level. He places virtue and honor, above self-interest, as being the greatest motivators and having highest human value (Ross, 2008, Book 4, Chapter 3). Vice-President Joe Biden, on accepting the position as Vice President, said "I'll do anything you want me to do, but there are two things I won't do: I won't wear a funny hat and I won't mess with my brand." Authors Hielemann and Halperin explain, "The Biden brand meant more to Joe, almost as much as the Biden name. To him, the brand was about substance, about truth-telling, about making hard choices even if they were politically awkward or painful"

(Hielemann & Halperin, 2010, p. 411). As with many leaders, Vice-President Biden's reputation means everything to him.

Hartman and DesJardin do concur with Aristotle on the state of virtue. They write that virtue "shifts the focus from questions about what a person should *do* to a focus on who that person *is*" (Hartman & DesJardins, 2011, p. 117). This would mean, for instance, that Hartman and DesJardin suggest that instead of saying a person "*is doing a greedy thing*" it should be said that the "*person is greedy*."

CEO Leadership Greed

In the United States, "By April 2009, almost 5.4 million of the nation's 45 million home loans, worth more than $717 billion were delinquent or in foreclosure" (Choate, 2009, p. 3). Greed had taken over Wall Street's leaders and thrown Main Street (the average citizen), the country, and the world into financial chaos.

Julian Edney's theory on greed explains what happened: "Like fire greed expands where it can, it has no internal homeostatic mechanism and the bigger it gets, the faster it grows. Its spread is also quickened by social imitation, akin to panic spreading through a crowd" (Edney, 2002, p. 7).

Patterson concurs with Edney's theory. He agrees that greed grew bigger and faster until financial markets crumbled into the "biggest, fastest, and strangest financial collapse ever seen, and the starting point for the worst global economic crisis since the Great Depression" (Patterson, 2010, p. 12).

Greed had not only taken hold of financial leaders, but corporate leaders were also wallowing in greed. According to Mintzberg et al., in their article, "Beyond Selfishness," corporations "co-opted the chief executives by rewarding them disproportionately for the performance of the entire enterprise. Through options and bonuses, they have bought off the chiefs" (Mintzberg et al., 2002, p. 70). The authors further explained,

> Underpinning all of this is a massive set of assumptions: that the chief executive is the enterprise, that he or she alone is responsible for the entire performance, and that this performance can be measured and the chief executive rewarded to do the shareholders' bidding. (Mintzberg et al., 2002, p. 70)

The authors reference the results of the 1990s survey, "Executive Excess 2001," conducted by the Institute of Policy Studies. The survey showed that, "CEO pay rose by 570%, while profits rose by 114%, and average worker pay rose by 37%, barely ahead of inflation (which was 32% over this period)" (Mintzberg et al., 2002, p. 70).

They argue that it is a fabrication that, "Everyone prospers in the selfish economy. This amounts to either a wonderfully convenient truth or a cynical justification for greed" (Mintzberg et al., 2002, p. 72). They support their view with these statistics:

> In 1989, the United States had 66 billionaires and 31.5 million people living below the official poverty line. A decade later, the number of billionaires had increased to 268, whereas the number of people below the poverty line had increased to 34.5 million. A recent survey of the world's 18 wealthiest countries by the United Nations ranked the United States highest both in gross domestic product and poverty rates. Given these figures, it should come as no surprise the stock market gains between 1989 and 1998 went disproportionately to the rich. The wealthiest 10% of American households saw their stock market holdings increase by more than 72%, while those in the bottom 60% of the income ranking saw their holdings increase by less than 4%. (Mintzberg et al., 2002, p 72)

Edney (2002) states that “Greed demolishes equity. Simply, you cannot have both unrestrained greed and equality” (Edney, 2002, p. 4). He contends that “Greed is the outstanding moral wrong because it reverses the utilitarian ethic, with greatest happiness for the smallest number” (Edney, 2002, p. 10).

Edney argues against Adam Smith’s utilitarian dogma that endorses greed as the great and healthy motivator of capitalism and democracy and blames his theory for perpetuating the inequities. Edney says Smith’s economic theory has had quite the opposite effect and operates as an “antidemocratic force” which creates inequities. He explains,

> There are many reasons for inequality, but it is ensured in an unfettered materialist society by a celebrated style of acquisition we call greed. Greed is not just the whimsical excess of the individual. Its most virulent forms are displayed by business groups and corporations – but aggregated, it is an antidemocratic force. (Edney, 2002, p.4)

Economist and theorist, Milton Friedman agrees with Smith. He framed it this way to Phil Donahue in a television interview over 30 years ago: “The world runs on separate individuals pursuing their own separate interests. Is there some society you know that doesn’t run on greed? The record of history is absolutely clear. There is no alternate way, so far discovered, to improve the lot of ordinary people.” Donahue commented on the economic system that Friedman described as, “it doesn’t reward virtue as much as the ability to manipulate the system” (Friedman, 2007).

In her, “Greed, Ethics and Public Policy” lecture to the American Society for Public Administration, Alice Rivlin, (2003) said:

> The spectacular corporate scandals of the turn of the 21st century exposed the seamy side of capitalism and yielded shameful examples of greed, abuse of stockholder and employee trust, bending accounting rules, outright lying, and dereliction of duty by executives and corporate boards. (Rivlin, 2003, p. 1)
>
> …There are indeed serious ethical issues facing public officials at the highest levels of our national government that have a lot in common with the ethical issues facing corporate executives. The recent private sector scandals that have received so much attention involved withholding or falsifying information for personal gain. In the public sector, the stakes are not primarily financial reward. They are votes, public approval and retention of power. But some of the temptations are the same – to fudge the numbers, shade the truth, and downplay potential risks of a course of action. (Rivlin, 2003, pp. 2-3)

Mintzberg et al., contend that "A syndrome of selfishness, built on a series of half-truths, has taken hold of our corporations and our societies, as well as our minds. This calculus of glorified self-interest and the fabrications upon which it is based must be challenged." (Mintzberg et al., 2002, p. 67)

Aristotle might argue that greed is a human condition and all persons are tempted. That in fact, it may be hard to determine if greed corrupted financial and corporate leaders or if greedy leaders corrupted the financial industry and corporations.

According to Aristotle,

> If there is any one who finds nothing pleasant and nothing more attractive than anything else, he must be something quite different from a man; this sort of

> person has not received a name because he hardly occurs." (Ross, 2008, Book 3, Chapter 11)
>
> The self-indulgent man, then, craves for all pleasant things or those that are most pleasant, and is led by his appetite to choose these at the cost of everything else; hence he is pained both when he fails to get them and when he is merely craving for them (for appetite involves pain); but it seems absurd to be pained for the sake of pleasure. People who fall short with regard to pleasures and delight in them less than they should are hardly found; for such insensibility is not human. (Ross, 2008, Book 3, Chapter 11)

This being said, then it could be deduced that people are compelled to fulfill their greedy compulsions at any cost—to ease the pain—of want.

This is consistent with the theories expounded in the study, "Why We Aren't as Ethical as We Think We Are: A Temporal Explanation." The authors contend that, "The want self is argued to emerge at or near the time a decision is made and enacted and to recede before and after the decision is made" (Tenbrunsel et al., 2007, p. 10). This would suggest that even when someone intends to make an ethical, rational decision, that the want self sneaks in at the last minute to change the decision in favor of self-interest to satisfy the greed. Perhaps these can be referred to as ulterior motives.

Tenbrunsel et al., provide this explanation for why people believe they will do one thing and then when they are in the situation—do another. They explain it this way:

> We know we should contribute to charity by buying daffodils, but at the moment we are asked, we want to keep the money for lunch. We know we should confront a harassing interviewer during a job interview, but at the time the harassing

> questions are asked, we want the job. We know we should be ambitious negotiators, but during the negotiation itself, we want to reach a deal. (Tenbrunsel et al., 2007, p. l5)

Research also points to the "want self" choices as being vices and the "should self" choices as being virtues (Tenbrunsel et al., 2007, p. 11). Further, the "want self" seeks immediate gratification, while the "should self" evaluates future benefits and gain (Tenbrunsel et al., 2007, p. 10).

Building on Aristotle's theory of greed, the greater the greed the bigger the appetite, and the bigger the appetite the more insatiable it is, until there is no more ability to reason.

> For in an irrational being the desire for pleasure is insatiable even if it tries every source of gratification, and the exercise of appetite increases its innate force, and if appetites are strong and violent they even expel the power of calculation. (Ross, 2008, Book 3, Chapter 12)

According to an article by Mark Buchanan entitled, "Why Money Messes with Your Mind," in *New Scientist* magazine, March 23, 2009 there might be something deeper at work (Buchanan, 2009). Research has been done on money's effect on the brain. The research results revealed the brain chemistry behind why people make such "irrational (and often times unethical) decisions when money is involved" (Buchanan, 2009). The results: "For some peoples' brains handling cash is like taking drugs, for others it's like seeing a friend" (Buchanan, 2009). What is more, "simply thinking about words associated with money seems to make us more self-reliant and less inclined to help others" (Buchanan, 2009). Scientists are now offering tips on how to handle irrational responses to cash.

This theory then presents a dilemma as our world leaders are also responsible for the world's cash. Perhaps it is unavoidable, because it is a byproduct of the human condition, that our leaders run the world on greed as economist Milton Friedman suggests. On the other hand, perhaps it is a failure in the leadership character that compels leaders to choose to run the world on greed. What is clear, is that greed is an excellent motivator, and no one is immune.

Howard Sobel, M.D. (2002) wrote an editorial reminding doctors of their oath. He presented the scenario of a patient who wants to regain her youth and self-esteem and does not care how much it costs (Sobel, 2002). "This patient can be a gold mine for a greedy surgeon. If we treat our patients as we would want another physician to treat our family members, we would be better doctors, with fewer complications" (Sobel, 2002). There appears to be no individual, vocation, or organization that is exempt from the temptation of greed. Dr. Sobel advises that, "It is our responsibility to be fair and to make decisions based on sound medical judgment, honesty and compassion" (Sobel, 2002). Dr. Sobel entreats other surgeons to exercise their ethics and do the right thing for the patient; not the right thing for themselves (Sobel, 2002).

The food industry has seen the dire consequences of serving greed at the expense of ethics. Since 2007 there has been an "explosion of nearly 40 million pounds of beef recalled because it was contaminated with the virulent strain of E. coli 0157:H7" (Marler, 2008).

The story of Stephanie Smith as told by Michael Moss (2009) in the New York Times demonstrated the extent to which an industry puts self-interest ahead of everything else. Stephanie Smith, a 22-year-old children's dance instructor, ate a hamburger at a family dinner at her aunt's. It was tainted with E Coli. Her symptoms accelerated quickly from a stomachache, cramps, bloody diarrhea to shut down kidneys, seizures, and convulsions. Doctors put her in a coma, sent her to the Mayo Clinic where they worked to save her life. Nine weeks later she awoke with a ravaged nervous system, paralyzed, and unable to walk (Moss, 2009).

Since 1994 bacterial testing in plants selling ground beef was imposed. It was a point of contention between the beef industry and the government.

> The department moved to require some bacterial testing of ground beef, but the industry argued that the cost would unfairly burden small producers, industry official said. The Agriculture Department opted to carry out its own tests for E coli, but acknowledges that its 15,000 spot checks a year at thousands of meat plants and groceries nationwide is not meant to be comprehensive.(Moss, 2009)

The frozen hamburger that Smith ate was produced by Cargill, the largest private company in the United States. It made $116.6 billion in revenues in 2008. The week prior to the day Smith's hamburger was made, "federal inspectors had repeatedly found that Cargill was violating its own safety procedures in handling ground beef, but they imposed no fines or sanctions records show" (Moss, 2009). After the outbreak, investigators "discovered that their [Cargill's] own inspectors had lodged complaints about unsanitary conditions at the plant in the weeks before the outbreak" (Moss, 2009) —to no avail.

The package of beef patties from which Smith ate was labeled "American Chef's Selection Angus Beef Patties" (Moss, 2009). Not so. Smith's hamburger patty was made with meat and trimmings from three different slaughter houses; one in Uruguay. "In all, the ingredients for Ms. Smith's burger cost Cargill about $1 a pound, company records show, or about 30 cents less than industry experts say it would cost for ground beef made from whole cuts of beef" (Moss, 2009).

Cargill recalled 884,812 pounds of beef patties after the outbreak of which Smith was a part.

As in the case of Stephanie Smith one might agree that "If the consequences of greed are harm and pain, it is immoral. If greed is flaunted, when the pain is known, it is also sociopathic" (Edney, 2002, p. 7).

The previous examples of greed by leaders on Wall Street, Main Street, and Corporations also demonstrates greed comes in many forms—greed for power, greed for success, greed for money, greed for position, greed for profit, greed for love, greed for celebrity—and persons can have one or more of these in combination. What is clear from the research is that greed is a compelling motivator and at times can act like a trickster.

> Greed is a universal human trait. The world is run on greed. All individuals make decisions in their best self-interest, even if it is doing something for someone else from their heart. They do it because it makes them feel good which is satisfying their greed. If you will, for being happy. (Blitz, 2007)

This is telling. It seems to point out that even when people appear to be generous they are actually selfish; for in the giving they receive self-gratification.

It could then be argued, that as a capitalist leader, if there is nothing to be gained personally by making a decision, that the decision ought not to be made; or if it is made, it is seen as an inconvenience or a burden.

Hugh Segal in his book, *Beyond Greed*, says “The classic neoconservative winner-take-all bias sees social responsibility and community as undue burdens on investment and productivity, rather than as essential ingredients in the recipe that encourages both” (Segal, 1997, p. 122).

Edney cites the work of anthropologist Ruth Benedict in his essay, GREED. He writes that Benedict says of her overseas work that “the most obvious difference among societies was whether the living was cooperative or competitive” (Edney, 2002, p. 14).

Capitalist societies are competitive, and greed fuels competition to achieve honor and perhaps virtue, nobility, and reputation. Edney reframes this into low synergy and high synergy cultures. He writes that,

> Cultures with low synergy are highly competitive and the individual gains advantage only at the expense of another, aggression is prized, indeed humor originates from one person’s victory and another’s demolition. Low synergy eventually threatens the social fabric. (Edney, 2002, p. 14)

American politicians continue to run—and win—on the greed platform. In *Time Magazine*’s Special Election Preview issue (Von Drehle, 2010), the open endorsement of greed as the modus operandi for prosperity in America prevailed. The candidate Rand Paul, who was running for Senate seat, was described this way in *Time* leading up to the election:

> Paul promotes a version of the small-government revival that owes little to Horatio Alger's rags-to-riches tales and much to Ayn Rand, the radical prophet of extreme individualism. 'What is greed?' Paul has asked. 'Greed is an excess of self-interest, but what drives capitalism? Self-interest and profit. They are good things.'(Von Drehle, 2010, p. 42)

Rand won his seat in the Senate.

In his essay, "Greed III," Edney (2007) quotes psychologist Tim Kasser from his book *The High Price of Materialism*: "When materialistic values dominate our society, we move farther and farther from what makes us civilized" (Edney, 2007, p. 8). Edney agrees with Kasser's description of a *materialist* as a person who values high income, prestige and commodities more than close friends and marriage (Edney, 2007, p.8).

According to Edney a free market society, driven by greed, endorses and exalts this type of materialism and self-indulgence. He cautions that "the free market is steadily ruining the quality of our relationships, taking away our happiness, dissolving trust, alienating us from each other and harming our health—a stunning record" (Edney, 2007 p. 22).

Prime Minister Jigme Thinley of Bhutan, a tiny Buddhist kingdom in the Himalayan mountains, believes he knows what is needed. "Greed, insatiable human greed. What we need is change. We need to think gross national happiness." He has created a new Constitution under which, "government programs must be judged by the happiness they produce, not by the economic benefits" (Mydans, 2009). However, the challenge to achieving this is at the heart of what Aristotle believed to be true over 2,350 years ago, and which may still be true today. "The self-indulgent man, as was said, is not apt to repent, for he stands by his choice….the self-indulgent man is incurable" (Ross, 2008, Book 7, Chapter 8).

CEO Leadership Success

Business writer, Howard Blitz (2007) believes that greed and ethics create a foolproof combination of checks and balances for leaders to attain prosperity honorably. He writes that, "Greed and ethics go hand in hand because in order to obtain what one desires (greed), one must give up something in an honest manner to satisfy the needs of another (ethics)" (Blitz, 2007). He believes that "if one is not ethical in his trade, he will eventually lose any wealth he has by not being able to trade" (Blitz, 2007). He is a proponent of a free market society and says that, "The free society utilizes greed to its best advantage and minimizes the amount of unethical behavior" (Blitz, 2007).

His belief is in keeping with Adam Smith's 1776 treatise (Smith, 2008) on utilitarianism which connected the growth of wealth to entrepreneurship. His treatise is said to have democratized the economy for all people, tapped into their greed to grow economies, and called this process right and good.

There is a new theory to measure a successful economy and a successful democracy being tested in Bhutan since 2009. The theory aims to achieve the "*gross national happiness (GNH)*" (Mydans, 2009). It is an "intricate model of well-being that features four pillars, the nine domains and the 72 indicators of happiness" (Mydans, 2009). They break down this way: the four pillars of a happy society are the: economy, culture, environment, and good governance. The nine domains are: psychological well-being, ecology, health, education, culture, living standards, time use, community vitality, and good governance—each with its own measure to comprise the GNH index. Every two years the indicators are reassessed using a nationwide questionnaire. This will be used to lead the kingdom's 700,000 people, located between India and China, to a happy society (Mydans, 2009).

This was a leadership decision. The king, an absolute monarch with unilateral power, chose to step down against the wishes of his people to hold the country's first democratic election. The king led the change. The reason: "happiness is an individual pursuit and democracy is the empowerment of the individual" (Mydans, 2009).

The King gave his throne to his son, Jigme Khesar Namgyel Wangchuck, who is a constitutional monarch without executive power (Mydans, 2009).

Edney and Aristotle also contend happiness is the ultimate aspiration and highest virtue. Aristotle wrote,

> This [happiness] will be that of the best thing in us. Whether it be reason or something else that is this element which is thought to be our natural ruler and guide and to take thought of things noble and divine, whether it be itself also divine or only the most divine element in us. (Ross, 2008, Book 10, Chapter 7)

Edney puts it this way, "By historical accounts this [United States] is a nation of persistent and resilient people with an unshakeable mission: the pursuit of happiness. This idea of happiness is largely connected to wealth" (Edney, 2002, p. 2).

Edney maps out the route to happiness. He writes:

> Money is not a reliable route to happiness. Happiness is based on other, internal factors. The relation of wealth to well-being is tenuous; only below the poverty line does money bring well-being, above it, increases in personal wealth do not bring increased happiness. A corollary finding is that the more people focus on

> financial and materialist goals, the lower their feeling of well-being. Finally certain people tenaciously believe that money does bring happiness; they are the unhappy. (Edney, 2002, p. 11)

Steve Perlman, cofounder of WebTV helps us understand the fundamentals of achieving personal and corporate happiness and how they correlate to leadership direction, leadership ethics and leadership greed. In his own words:

> You've got to be decent people….The key thing about Phil and Bruce [cofounders] is they had hearts of gold. They were nice people. They were not in it to get rich. I mean, money certainly is freedom. But they had a vision of creating something great that people would love. That attitude from the three of us permeated the rest of the organization. And the organization functions well. (Livingston, 2007, pp. 189–190)

He explains further,

> We could have had all the technical talent and engineering know-how and business knowledge, but, if we were acting like Chinese fighting fish in a tank together, the whole company would have failed.... None of us ever doubted that we were going to succeed. And none of us ever stopped to question whether or not we trusted each other. We never had to look at our back. (Livingston, 2007, p. 190)

When all corporate executives, such as the team at WebTV, share the same goals and values, they are at a higher level of leadership and moral development, according to Pulitzer Prize winning author, James MacGregor Burns (1978). He states that only at the "highest stage of moral development persons are guided by near-universal ethical principles of justice such as equality of human rights and respect for personal dignity. This stage sets the opportunity for rare and creative leadership" (MacGregor Burns, 1978, p. 42).

Ken Blanchard sees the influence of leaders on their organizations this way: "Everything you are and possess today, good or bad, will pass down to those who come after you—not only the monetary stuff, but also your beliefs and philosophy. The legacy you leave is the legacy you live" (Blanchard, Hutson, & Willis, 2008, p. 121).

Leaders must have followers to influence and unto whom to leave a legacy. MacGregor Burns offers this introspective litmus test for leaders: *"Decide on whether we are really trying to lead anyone but ourselves, and what part of ourselves and where, and for what purposes"* (MacGregor Burns, 1978, p. 460). He explains:

> First, by clarifying within ourselves our own personal goal. If that goal is *only* to secure a livelihood or advance a career our tactic need only be calculatedly self-serving and manipulative—at least until our career or prominence is assured. We will at least know who has been led where. Alternatively, we may link our career with a cause that rises above considerations of personal success and may provide some social good. In practice leaders so intertwine their motives that they are hard to separate, as leaders variously support causes that in turn support them. (MacGregor Burns, 1978, p. 460)

Lovins, Lovins, and Hawken (1999) in their research paper agree that this kind of dynamic ethical leadership has a competitive advantage. They state:

> Many executives pay too little attention to saving resources because they are often a small percentage of total costs (energy costs run to about 2% in most industries).

> But those resource savings drop straight to the bottom line and so represent a far greater percentage of profits. (Lovins et al., 1999)

They advise leaders in corporations to become profitable by adopting *natural capitalism,* integrating ecological goals with economic goals, to stabilize the climate and encourage a productive biosphere. In the documentary, *The Corporation*, Ira Jackson concurs and says “It’s ultimately in the long-term self-interest of those corporations to promote social justice and social progress” (Big Picture Media, 2005).

This leadership shift reflects the move toward *“moral intelligence”* as described by Lennick and Kiel. “Moral intelligence plays a big part in corporate success. Without it, your organization risks devastating financial failure” (Lennick & Kiel, 2008, p. 17).

Aristotle believed that “all knowledge and every pursuit aims at some good” (Ross, 2008, Book 1, Chapter 4). He referred to this statement as a fact. What is to be determined is whether the good that is aspired to is directed at oneself, the organization, society—or one or more of these things. The choice of leaders to do good—or be good—is a personal choice.

Aristotle wrote that people aspire to achieve the “chief good” and that money provides the means to achieving it. “The life of money-making is one undertaken under compulsion, and wealth is evidently not the good we are seeking; for it is merely useful and for the sake of something else. And so one might rather take the aforementioned objects to be the ends; for they are loved for themselves” (Ross, 2008, Book 1, Chapter 5).

Steve Wozniak, cofounder of one of the most successful companies in the world, Apple Computer, Inc. provides this checklist for successful leadership.

> Try to have the highest of ethics and be open and truthful about things, not hiding. If you have to hide something for company reasons, at least explain what you're doing. Do not mislead people. Know in your heart that you are a good person with good goals. (Livingston, 2007, p. 55)

Here is an example of Wozniak exercising the leadership principles and ethical standards that he practices in his life and in his work. In his own words,

> I was a little disturbed that five people who had been with us in our little office from the start and had been so important—Randy Wigginton, Chris Espinosa, a couple of young kids, and a couple of older ones, just hadn't gotten any stock. I felt that they were a part of this whole energy and excitement and passion for what computers were going to be and what we were doing and how right it was. If somebody is sitting there working till 2:00 a.m. with you, helping to write a little code and says, 'WOW that is a cool one,' those words mean a lot to you and they deserve something. So I gave each of those five a large amount of stock, probably a million dollars in that day. And that was an early day for a million dollars. (Livingston, 2007, p. 58)

This example of Wozniak demonstrates:

> The ultimate test of moral leadership is its capacity to transcend the claims of the multiplicity of everyday wants and needs and expectations, to respond to the higher levels of moral development, and to relate leadership behavior—its roles, choices, style, commitments—to a set of reasoned, relatively explicit, conscious values. (MacGregor Burns, 1978, p. 46)

Perhaps what is needed is a “Manifesto for Capitalism” as suggested by Ira Jackson in his interview with the narrator of the documentary, *The Corporation*. He said, “We have a global theology [capitalism] without morality, without a bible. We need the moral equivalent of a manifesto for capitalism” (Big Picture Media, 2005).

A manifesto would support MacGregor Burns’ belief that “Leadership is morally purposeful. All leadership is goal-oriented. The failure to set goals is a sign of faltering leadership. Successful leadership points in a direction; it is also the vehicle for continuing and achieving purpose” (MacGregor Burns, 1978, p. 455).

Summary

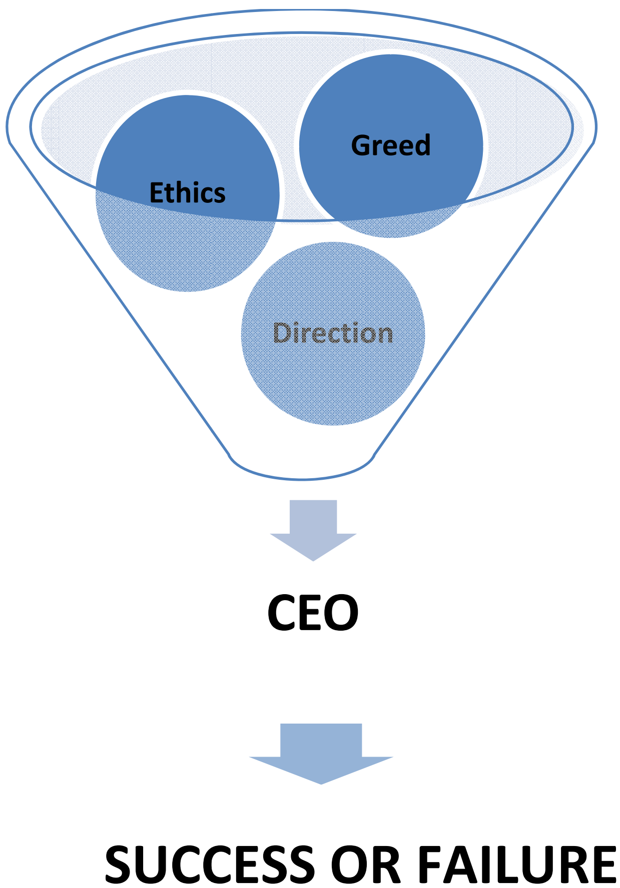
In Chapter 2, research showed the intimate and intricate correlation between CEO leadership direction, CEO leadership ethics, and CEO leadership greed. It examined how these contribute to CEO leadership success. Research showed that a leader’s individual choices and decisions, can contribute to the rise or fall of a corporation.

Research also showed that the three threads of leadership direction, ethics, and greed are tightly bound together in decision-making. This researcher’s focus was on how leaders exercise all three of these—either deliberately or subconsciously—to lead their organizations to the success or failure of their enterprise. Research showed that any one, or combination of two or three, of these factors is evidenced in the decisions made by leaders.

Research pointed to greed as the tipping point, even if an ethical decision had been made prior to the moment of decision. Research also showed that some leaders aspire to greater goals than wealth alone, and that wealth is a means to achieving a higher purpose.

Sidney Poitier concludes his autobiography, *The Measure of Man*, this way: “We’re all of us a little greedy. (Some of us plenty greedy.) We’re all somewhat courageous, and we’re all considerably cowardly. We’re all imperfect” (Poitier, 2000, p. 290).

Figure 1-1 The Leadership Triad



In Chapter 3, this researcher engages in action research over a 32-month period to explore and examine the intricacies of leadership direction, leadership ethics, and leadership greed and their perceived impact on the success or failure of two web-based businesses. This researcher users her action research to conduct a comparative analysis using experiential observations in her capacity as President of both companies and in her close working relationship with the CEOs of each company.

CHAPTER 3

RESEARCH METHODS

Overview

Action research was conducted over a 32-month period from November 2007 to October 2010. I accepted the position of President for two separate and distinct web-based businesses, Brand A and Brand B. In each position, I was given the full role and responsibilities of President and equity shares in the company. By all accounts, I was a founding partner for each company.

The corporate objective for both companies was to create a web-based business-to-business company from conception through to the launch. I was to work closely with the CEO of each company, who was responsible for the company's corporate direction and leadership. I worked under the direction of the CEO as part of the management team of each company. I worked in Brand A from November 2007 to February 2009. I worked in Brand B from July 2009 to October 2010.

The action research focused on the leadership of the CEOs and the role they played in the success or failure of bringing a web-based business from the idea stage to the launch stage.

During the action research I examined three key leadership factors in the CEOs at five critical stages in the development of the web-based businesses. Experiential observations, qualitative analysis, and comparative analysis were done on the leadership direction, leadership ethics, and leadership greed of each CEO.

The action research was also used to examine the differences in the development of the web-based businesses and correlate them to the leadership direction and stewardship of the CEOs. The same 11 fundamental factors in the development of a web-based business were selected and contrasted.

Research Approach

Over a 32-month period I participated in action research in the creation of two web-based business-to-business companies. Brand A failed. Brand B succeeded.

The action research included analyzing these similarities in Brand A and Brand B:

- The business plan
- A business-to-business web-based model that could be monetized
- Expertise to build the web-based business and bring it to market
- Advisors
- Partner arrangement: Common and Preferred Share structure

The action research included analyzing the leadership character of the CEOs in Brand A and Brand B in three specific dimensions. It examined how this triad of characteristics was linked to decision-making and observing how those decisions led to the success or failure of a start-up web-based business. The leadership triad characteristics are as follows:

- CEO leadership direction
- CEO leadership ethics
- CEO leadership greed

Research Design and Subjects

A Case Study over 32 months was used to analyze three leadership factors that contributed to the success or failure of the creation of a new web-based company from its inception through to its launch. Included in the action research is the analysis of five major milestones required to operationalize a company in its organizational development from an idea to living entity. The five milestones are as follows:

1. The business plan
2. A business-to-business web-based model that could be monetized
3. Expertise to build the web-based business and bring it to market.
4. Advisors
5. Partnership arrangement: Common and Preferred Share structure

These five milestones were selected because they are pivotal points in the development of a business. Specifically, web-based businesses, in order to succeed, must have a clear vision, a business model that can be monetized, and an understanding of how to position and market a virtual business. Web-based businesses, in particular business-to-business (B2B) and business-to-consumer (B2C) businesses, are newly developed forms of commerce and require highly technical expertise to build. As such, there is a need for advisors or an advisory group to assist with the start-up. In addition, the partnerships and share structure of a start-up contributes significantly to its success or failure. The selection of these five milestones are supported by the following literature.

The Business Plan

Sabeer Bhatia, cofounder of Hotmail, describes a business plan this way:

> Essentially it's a plan that says what the company is going to do, what problem it is going to solve, how big the market is, what the sources of revenue for the company are, what your exit strategy is for your investors, what amount of money is required, how are you going to market it, what kind of people you need, what the technology risks are, marketing risks, execution risks. These are the fundamentals of what goes into a business plan, and many people have it in their heads but don't write it down. (Livingston, 2007, p. 28)

A Business-to-Business Web-Based Model that Could Be Monetized

The monetization of web-based, business-to-business sites has its own specific requirements as explained in the following eMarketer whitepaper:

> Optimization solutions offered as a service open up a world of e-commerce that goes well beyond online retail. Businesses across a range of industries, both B2C and B2B, now understand they are e-commerce players. As the online channel becomes core and growth in traditional channels slows, these businesses are optimizing their online experiences to gain competitive advantage and propel online revenues. (eMarketer, 2010)

Guy Kawasaki (2004) points out that, **"**No matter what kind of organization you're starting, you have to figure out a way to make money. The greatest idea, technology, product or service is short-lived without a sustainable business model (Kawasaki , 2004, p. 4). He offers further advice: **"**If you can't describe your business model in 10 words or less you don't have a business model. i.e. Think of eBay's business model: It charges a listing fee plus a commission. End of story" **(**Kawasaki , 2004, p. 14).

Joel Kurtzman and Glenn Rifkin (2005) agree, **“**One of the most important yet least intuitive factors in building a successful startup is the creation of a rigorous and functional business model” (Kurtzman & Rifkin, 2005, p. 115).

Expertise to Build the Web-Based Business and Bring It to Market

Besides the technical expertise to bring the company vision to life, commerce over the web is still in its pioneering days. CEOs are still finding their way and trying to figure out the web-based marketplace, how to position their brands, and how to market to customers. Don Tapscott says, “For firms, the power shift away from traditional influencers means that many established ‘go to’ contacts might lack their former clout” (Tapscott, 2009, p. 196). The new digital marketplace presents risks for start-ups. Heinemeier Hansson, founding partner in 37 Signals, points out, “You need to drive both framework development and product development with a strong vision, where you’re not afraid to turn somebody off (Livingston, 2007, p. 315). Brewster Kahle, founder of WAIS (Wide Area Information Servers) and Internet Archive describes his efforts to bring his technology companies to market this way:

> We also found that people – even if we sold them the software – often didn’t know what to do with it. They wanted consulting services. We started what I think became the first web studio, or web services business. We worked with big players, whether they were newspapers or magazines, they wanted to publish on the Net. This allowed us to work with the big boys very early on. (Livingston, 2007, p. 270)
>
> As the Web came along and was a better underlying system, we became a Web services company, basically. We set up, I believe, the first publisher on the

> Net.… And we put the first advertising-based service up… we put the first subscription-based service up. So we were trying to get publishers online, and that was what the WAIS system was.” (Livingston, 2007, p. 270)

Advisors

When starting any new business it is good to get advice from experienced business people. When it comes to web-based businesses with newly developed e-commerce it is particularly essential. In the words of Ron Gruner, cofounder of Alliant Computer Systems and Founder of Shareholder.com:

> We found a lot of plain, simple wisdom from some of the venture capitalists we had – particularly Tom Perkins. Tom was on our board. Even at that point he was quite wealthy, very successful. And he made almost every single board meeting. He had to make them in Boston by taking a red-eye from San Francisco to Boston, coming into a meeting at say 9:30 in the morning, going to a 4-to 5 hour typically boring board meeting, then flying back that night. And he was in his early 50s at that time. He always had great insights, and always tinged with a nice humor, too.
>
> We had other great members of the board. We felt that most of the venture capital community added a lot of value. (Livingston, 2007, p. 429)

Partnership Arrangement: Common and Preferred Share Structure

An incorporated company is a separate legal entity. It is governed with bylaws that must be followed. Partners who own the company are shareholders. Judith McQuown explains a corporation as,

> The most sophisticated – and protective – form of business organization. It is a,

> 'legal person,' completely separate from the individuals who own and control it. A corporation has the power to do anything any person may do: carry on business, own property, lend and borrow money, or sue and be sued. Most important, it offers its shareholders limited liability: Its stockholders can lose no more than their original investment; they are not liable for the debts of the corporation. (McQuown, 2002, p. 22)

When building a start-up, people can choose to build the company with partners or they can choose to build it with employees. Greg Ferguson points out,

> If you go the partner route, it's just as important to have a clear definition of what the partners' roles are and what they are going to be responsible for as it is if you have employees. There has to be a distinct role for everybody to play, no matter what kind of company you have, or it can lead to trouble. (Matthews et al., 2003, p. 140)

Working as partners still requires the partners to work as a team. How well CEOs are able to create a team environment and get everyone working together to achieve the corporate may ultimately define the company's success or failure. John Doerr, partner at Kleiner, Perkins, Caufield & Byers, a Silcon Valley venture firm, told *Fast Company* magazine, "In the world today, there's plenty of technology, plenty of entrepreneurs, plenty of money, plenty of venture capital. What's in short supply is great teams" (Kurtzman & Rifkin, 2005, p. 38).

The assumption made is that Brand A and Brand B had the same opportunity to be successful. The CEOs each brought the following experience and expertise to their roles:

- Former experience as a CEO
- Entrepreneurial experience
- Creating and managing multimillion dollar projects
- Managing multimillion dollar budgets
- Hiring staff
- Outsourcing services
- Working in partnerships with others either formally or informally
- Sales and marketing at an executive level
- Subject-matter expertise
- Had never been a CEO of a web-based business before

CEOs of both Brand A and Brand B were experienced with building and operating a traditional “bricks and mortar” business with a traditional business model. Both CEOs were excited about the prospect of founding a web-based business with business partners to share the responsibility, the learning curve, and the risk.

What differed between the CEOs was their leadership and stewardship qualities. This unique case study provided an action research opportunity to look inside the decision-making of each of the CEOs and provide qualitative analysis on their individual leadership direction, leadership ethics, and leadership greed and how these factors impacted the development of the web-based businesses from inception to launch.

Brand A presents as a new web-based business model in the recruitment industry. The Chief Executive Officer was a successful owner of a multimillion dollar traditional recruitment business.

Brand B presents as a new web-based business model to facilitate commerce in the arts and entertainment industry. The CEO was Vice-President of a successful multimillion dollar high-tech 3-D simulation company.

I actively participated in the creation and decision-making of Brand A and Brand B as President in both companies from concept to online testing. This presents as the environment for the action research whereby, as the researcher, I was able to explore and analyze putting theory into practice.

Brand A and Brand B comprise a case study for the comparative analysis of why Brand A failed and why Brand B succeeded.

Subjects and Instrumentation

The writer of this report conducted action research over 32 months. I took an active part in developing Brand A and Brand B from an idea to launch. I participated as President of each company and worked closely with the CEOs of each company.

Action research was selected to explore and analyze leadership theory in practice in three areas: leadership direction, leadership ethics, and leadership greed.

Both CEOs chose to found a web-based business with a business-to-business (B2B) model. Neither CEO had been the CEO of a web-based business prior to this venture. Both CEOs were in their 50s during the case study. Both CEOs lived in the same city.

The CEOs were of different genders, but for the purposes of this report they will both be given a male gender to facilitate communication only. The use of the male gender does not reflect the preference for one gender over another.

To fulfill the action research requirements, and to not contrive the outcome, this researcher participated as a shareholder in Brand A and Brand B so as to establish a vested interest in the success of both companies.

The difference: Brand A and Brand B had different Chief Executive Officers.

Brand A—A Web-Based Business-to-Business Recruitment Company

Brand A started out as a great business concept in the autumn of 2007. I agreed to become President of a new web-based business taking it from the idea stage through to beta launch and working with the CEO of an already successful recruitment company.

Video was just starting to make its way onto the web and businesses of all types were turning to the web to reach more customers and increase business. The rate of growth was anticipated to be phenomenal and recent statistics bore out this prediction. According to Kats (2010), who cites eMarketer, the "Mobile video market revenues are expected to roughly triple between 2009 and 2014, from $436 million to $1.34 billion" (Kats, 2010).

I was a partner and Chief Operating Officer of a company that held the rights to an award-winning video editing platform. The CEO of the recruitment company was not tech savvy, but was business savvy. It made good business sense to join his industry expertise with my industry expertise and create a business model for the recruitment industry that included video. This was the inception of Brand A and the beginning of my action research into creating a new web-based business-to-business company on the web.

In 2006 an Ipsos Public Affairs poll revealed that, "54% of U.S. internet users consume video online." (Digital TV Weblog, 2006). The future was clear for web-based businesses, particularly if they could integrate online video into their website. Twitter had started in 2006 and was about to take hold. In mid-2007 the web was filled with social networking sites (i.e. Facebook, MySpace, LinkedIn) and social media (blogs, e-mail campaigns, e-newsletters, e-advertising). By 2008 predictions of increased online video and widespread internet usage were well beyond anyone's expectations. "According to a recent study conducted by ABI Research, data usage – from 2009 to 2015 – in Western Europe and North America is expected to increase at a compound annual growth rate of 42 percent and 55 percent respectively" (Kats, 2010).

In 2006, Tapscott and Williams introduced the world to *Wikinomics* and foretold of a world very different. They proclaimed it was the dawning of a digital business environment (Tapscott, & Williams, 2006). By 2009 and 2010, the web's digital landscape was changing yet again with the introduction of business-to-business e-commerce models. These were yet the early days for Brand A and Brand B, and the CEOs of both companies wanted to ride the next e-commerce wave.

The big challenge was how to monetize Brand A business on the web and create value for customers when so many things on the web were "free" (Anderson, 2009). That was the challenge Brand A took on.

The action research analyzed critical milestones in the development of Brand A in five operational areas:

1. The business plan
2. A business-to-business web-based model that could be monetized
3. Expertise to build the web-based business and bring it to market
4. Advisors
5. Partner structure: Common and Preferred Share structure

At any point, during any of these five milestones, Brand A was poised to succeed or fail. Action research showed how the CEO led his team and steered through each one of these steps to determine the outcome of the company.

The action research showed critical leadership factors in the organizational development of Brand A in three areas which this researcher termed the Leadership Triad:

1. CEO leadership direction
2. CEO leadership ethics
3. CEO leadership greed

Brand A had three members and owners on its management team: Chief Executive Officer, President, and Chief Operating Officer. The Chief Executive Officer led the management team and shared responsibility for developing the company from a concept to reality. It was his job to lead the company to fruition and create a culture for success and profitability.

Action research showed that whenever the three executives were out-of-sync with their leadership direction, ethical standards, or steering of corporate greed, particularly during the management of any of the five critical milestones, the company was headed for a nosedive. The words, actions, and deeds of the CEO shall be examined through experiential observation, qualitative analysis and comparative analysis.

The action research showed that the three members of the executive team were able to navigate successfully through only some of the milestones together. They were unable to navigate together through other milestones. Observations during the action research pointed to the inability of the management team to reconcile their differences in direction, ethics, and greed, and this leadership conflict led to the ultimate demise of Brand A.

The 16-month creation of Brand A required a full commitment on the part of the company's leadership team. The CEO took care of the administrative details, hiring a lawyer, accountant, opening a bank account, and structuring the company. Working Advisors were brought on board to provide staffing and expertise. The CEO organized weekly meetings for management and the advisors. The COO (Chief Operating Officer) organized a 40-hour business planning process to establish the vision, mission, business model, and return on investment.

The technical expertise was hired and customer service expertise was hired. Investment funds were acquired and the web-based prototype was built. The company was about to start its beta phase when the CEO pulled the plug on the company. The CEO submitted his formal resignation, written by his personal lawyer, to the company citing "irreconcilable differences" as the reason.

Brand A failed to launch.

Brand B—A Web-Based Business-to-Business Arts and Entertainment Company

Brand B started out as a great business concept in the summer of 2009. I agreed to become President of a new web-based business taking it from the idea stage through to launch and beyond by the Vice-President of an already successful high-tech 3D virtual simulation company.

The decision-making around the same five organizational development milestones as Brand A were analyzed; the same three critical leadership factors as Brand A were analyzed and compared.

The five organizational milestones and the three critical leadership factors of Brand A and Brand B were then subjected to a comparative analysis by this researcher, using qualitative analysis and experiential observations.

Data Collection Procedures

I assumed the executive role of President with full responsibilities in the development of Brand A and Brand B business plans, action plans, minutes of meetings, legal documents, correspondence, organizational development documents, and one-on-one discussions with executives and advisors.

Data Analysis Procedures

Company data over a 16 month period for both Brand A and Brand B.

Brand A – President, November 2007 to February 2009—16 months

Brand B – President, July 2009 to October 2010—16 months

Clinical review of the web-based company developed by Brand A and Brand B as presented in the business plans, action plans, minutes of meetings, legal documents, correspondence, organizational development documents, and one-on-one discussions with executives and advisors.

Both Brand A and Brand B, under the leadership of the CEO, worked toward achieving 11 fundamental components required to build a web-based business. These are:

1. Web-based business model
2. Membership model
3. Customer base
4. Commercial model
5. User experience

6. Growing of the site
7. Amenities on the site
8. Buy-in and customer loyalty
9. Customer service
10. Advisors model
11. Goodwill and greening of the site

The decisions and results of these 11 fundamental components of Brand A are contrasted to Brand B and correlated to the three leadership factors: leadership direction, leadership greed, leadership ethics.

Comparative analysis of the leadership and decision-making of the CEOs is evaluated in the business plans, action plans, minutes of meetings, legal documents, correspondence, organizational development documents, and one-on-one discussions with executives and advisors. The comparative analysis focuses on five critical milestones in the development of Brand A and Brand B.

Qualitative analysis and experiential observations present as scenarios, quotes, and decisions made by the CEOs of Brand A and Brand B. Eleven differences are noted in the construct of Brand A and Brand B web-based businesses. Correlations are drawn between the leadership direction, leadership ethics, and leadership greed of the CEOs and the business constructs.

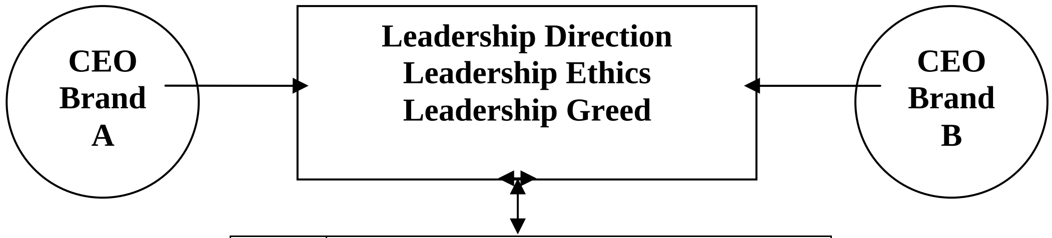
Summary

Chapter 3 outlined the action research methodology, case study, and approach. Using action research, experiential observations, qualitative analysis, and comparative analysis, the three leadership factors of CEOs in Brand A and Brand B were examined during the development of their respective web-based businesses from concept to launch. This researcher was a participant in the action research, as President, of both Brand A and Brand B for 16 months in each company and examined the words, actions, and deeds of each CEO.

The CEO's leadership direction, leadership ethics, and leadership greed were examined in Brand A and Brand B against the five operational milestones. These milestones were: 1) The business plan, 2) A business-to-business web-based model that could be monetized, 3) Expertise to build the web-based business and bring it to market, 4) Advisors, and 5) Partner structure: Common and Preferred Share structure.

Eleven fundamental components required to build a web-based business were contrasted in Brand A and Brand B and correlated to the leadership factors through qualitative research.

Figure 2.2 Contrast in Fundamental Components of Leadership Triad of Brand A and Brand B



1.	Web-based Business Model
2.	Membership Model
3.	Customer Base
4.	Commercial Model
5.	User Experience
6.	Growing the Site
7.	Amenities on the Site
8.	Buy-in and Customer Loyalty
9.	Customer Service
10.	Advisors Model
11.	Good Will and Greening of the Site

Chapter 4 will reveal the results and the analysis of the action research conducted on this case study. It will provide a comparative analysis of Brand A and Brand B using qualitative analysis and experiential observations.

CHAPTER 4

RESULTS AND ANALYSIS

Overview

The hypothesis and questions are presented for deliberation in Chapter 4. The case study of Brand A and Brand B and their CEOs present a research environment for examining and exploring the hypothesis and questions set forth. A comparative analysis derived from the action research I conducted as President of both Brand A and Brand B will be presented as a comparison of differences in CEO leadership at five critical milestones in the development of Brand A and Brand B. More specifically, I conducted qualitative analysis and experiential observations of the differences demonstrated by the CEOs through their words, actions, and deeds and exhibited in scenarios, quotes, and decisions made. These observations and analysis were focused on examining the interdependency of three leadership characteristics—leadership direction, leadership ethics, and leadership greed—which shall be termed, the leadership triad. The results will be examined in Chapter 4 and preliminary analysis presented.

Hypothesis and Questions

1. How did the differences in the CEOs' leadership triad of characteristics affect the development of the business plan and contribute to making Brand B successful?

2. How did the differences in the CEOs' leadership triad of characteristics affect the development of the web-based business model and contribute to making Brand B successful?
3. How did the differences in the CEOs' leadership triad of characteristics affect the development of the web-based membership model and contribute to making Brand B successful?
4. How did the differences in the CEOs' leadership triad of characteristics affect the selection and role of advisors and contribute to making Brand B successful?
5. How did the differences in the CEOs' leadership triad of characteristics affect the partnership arrangement and the allocation of common and preferred shares to contribute to making Brand B successful?

Both CEOs for Brand A and Brand B shall be referred to as "he" to keep the analysis gender neutral. References to the President shall be "she" to reflect the gender of the researcher.

Brand B—A Web-Based Business-to-Business Arts and Entertainment Company

In July of 2009 the action research began with Brand B. The researcher assumed the role of President of Brand B with full responsibilities to work with the Chief Executive Officer to create a web-based company with a business-to-business model that could be monetized. Together, they were to create the business from concept to launch. The CEO of Brand B had over 10 years of experience in senior executive roles.

The value proposition for the partnership was the strength of their combined business experience, coupled with the President's experience with web-based video hosting.

The action research examined critical milestones in Brand B in the same five operational areas as Brand A:

1. A business plan
2. A business-to-business web-based model that could be monetized
3. Expertise to build the web-based business and bring it to market
4. Advisors
5. Partnership arrangement: Common and Preferred Share structure

Again, at any point, during any of these five milestones, Brand B was poised to succeed or fail. Research showed that the success or failure of the company was directly affected by the CEO's leadership direction. How the CEO managed and steered through each one of these steps determined the ultimate outcome of the company.

The action research demonstrated that differences in three interdependent leadership characteristics in the CEO affected the organizational development of Brand B from inception to launch. These three interdependent leadership characteristics were:

a) CEO leadership direction
b) CEO leadership ethics
c) CEO leadership greed

Early into the development of Brand B, the CEO chose to expand the executive team and ownership of the company. He assessed that it would be best to have the technical team brought in as minority shareholders to ensure consistency and commitment to the building of the web-based business. The web architect and the web programmer selected to build the website were invited to be partners. They accepted.

The four executives of Brand B, the CEO, President, VP of Web Architecture, and Director of Web Programming, established their roles and responsibilities. The CEO and President would be responsible for the vision, mission, business plan, investors, and administration of the company; the VP of Web Architecture and Director of Web Programming would provide input and focus on building what the CEO of Brand B called, the “technical manifestation of the business plan”

As President, this researcher worked closely with the CEO. A formal business planning process was undertaken to put everyone on the same page and head in the same direction. A schedule was set for the business planning process through to completion. The timelines were kept and the plan completed. The process revealed two skill sets the company needed in order to launch: 1) web-based membership and advertising specialist, and 2) social media and e-marketing specialist.

Site plans for the website were drawn up, modifications made, and the technical plan was designed to complement the business plan. At this point the CEO determined that since web-based businesses were different from traditional businesses, it would be good to have advisors to rely on and to assist with raising investment funds. He recommended that the advisors be invited to own a small number of common shares to solidify their commitment to the company and to obtain investment. Four advisors were offered this arrangement and accepted.

The CEO continuously reinforced and demonstrated that it was his job to lead the company to fruition and create a culture for success and profitability.

Action research showed that whenever the four executives were not able to establish a synchronized corporate leadership direction, leadership ethics, or leadership greed, particularly during the management of a critical milestone, the company faltered. To avoid a nosedive, the CEO directed the management team to stay focused on dealing with each issue and did not shy away from disagreement. The CEO managed the issue among partners until each obstacle to success was dealt with, removed, or resolved. This was the fundamental difference between the CEO leadership factors of Brand A and Brand B as shown in the comparative analysis below.

The four members of the executive team were able to resolve their differences by leveraging their leadership characteristics as they pertained to corporate direction, corporate ethics, and corporate greed. Discussions amongst the management team revealed a similar leadership triad of characteristics, in particular the same ethical standards and similar attitude toward corporate greed. This created a strong foundation for the CEO to navigate his team through the rough waters of each milestone and set an agreed-to corporate direction. This unified leadership contributed to Brand B's success and this unification was not present in Brand A. Research will show that this solidarity led to the ultimate success of Brand B.

The comparative analysis of the leadership direction, leadership ethics, and leadership greed of the CEOs of Brand A and Brand B follows.

Comparative Analysis of Leadership Direction to the Success or Failure of Brand A and Brand B to Overcome Milestones

Table 1

Comparative Analysis of the Business Plan Milestone

Milestone	Leadership Direction	Success or Failure	Comparative Analysis
Brand A The Business Plan	CEO, President, and COO met to begin to the formal business plan process. Forty hours of concentrated in-camera work, over a six-month period was allocated to the task. The COO facilitated the business planning process and the business plan structure. (Appendix A) The President recorded the decisions and assisted in writing the plan. The CEO remained focused on the income that could be generated by the web-based model.	CEO was not interested in following an established business planning process, however, agreed to participate.[1] The CEO indicated that he did not realize that developing a web-based recruitment business to mirror the traditional recruitment business would take so much work.[2] By default, the COO and President took responsibility for writing the business plan. The CEO was two months late in providing his input and held up the finalization and dissemination of the plan.[3] The CEO **failed** to provide leadership direction throughout the process. The	The six-month business planning process stretched to a 15-month process and the **business plan was never fully completed.** The outstanding pieces—the financials and financial projections—were never fully completed by the CEO, although this was the CEO's area of expertise. The COO took responsibility for completing the plan but was unable to get the CEO to provide the final missing content. The CEO's initial reluctance to commit time[5] and dedicate effort[6]to the business planning process continued throughout the development of Brand A. The CEO failed to provide leadership

[1]During the first business planning two-day retreat session held at the Marriott Hotel early in 2008, the Brand A CEO seemed troubled and queried, "What am I doing here? The CEO remained on site and in attendance for the full two days.

[2] CEO of Brand A retained a consultant to fulfill his commitments in February 2009. This created tension among the management team, as they were not in agreement with sharing trade secrets with someone not invested or committed to the company's goals. The management team requested the consultant's involvement be terminated and the CEO of Brand A fulfilled his responsibilities and commitments to the company.

[3] The CEO of Brand A delivered half-completed financial projections for inclusion in the Business Plan on Feb. 16, 2009, two months past the set deadline.

Milestone	Leadership Direction	Success or Failure	Comparative Analysis
		COO filled the vacuum and assumed responsibility for the company's leadership and direction.[4]	direction in the development of the business plan for Brand A.
Brand B The Business Plan	CEO and President met to work out the concept for the web-based business. Two days of in-camera work provided the foundational concept, mission, and vision statement for the B2B web-based business. The CEO took responsibility for spearheading the business plan and the business planning process.	The CEO set out a schedule for the business planning process, roles and responsibilities for the CEO and President, and reporting timelines. A series of two to three-day sessions were scheduled over a two-month period. (Appendix B) The CEO had a no-excuses policy for attendance and full participation. The CEO provided leadership throughout the business planning process and it was **successfully completed** to deadline within two months and the business plan was written and completed within three months. [7]	The CEO assumed responsibility for the business planning process from beginning to end. The CEO held the President accountable throughout the process for fulfilling the assigned tasks.[8] The no-excuses policy set by the CEO to **complete the business planning process and business plan** with full participation, provided the necessary leadership to build out the B2B concept into a working B2B web-based model with company direction. The **CEO provided leadership direction** from the first meeting and maintained his leadership direction throughout the development of the business plan for Brand B.

[4] Secretary to the Advisory Committee was asked by the COO of Brand A to contact the CEO and obtain all the outstanding information for the Business Plan in February 2009. The Secretary advised that the CEO was not forthcoming with the information requested.
[5] The final session of the Business Planning process was cut short to accommodate the CEOs other commitments.
[6] CEO of Brand A delegated all assignments to the Working Advisory Committee members to complete and present to the team meetings. These are recorded in the formal minutes of the meetings.

[7] "I received the Business Plan." Correspondence from advisor acknowledging receipt of Business Plan from President, November 8, 2009 5:36 PM email.
[8] "Be advised that I am ½ way through my revision of the BP [Business Plan]. CEO to President, Monday, November 2, 2009 10:20:54 PM email.

Leadership Direction—Experiential Observations in Action Research for the Business Plan Milestone

Early warning signs of possible failure

- CEOs who demonstrate a lack of commitment
- CEOs reluctant to engage in corporate planning
- CEOs unwilling to accept responsibility for the company's direction
- CEOs who do not work as part of a team

Early reinforcement signs of possible success

- CEOs who lead by example
- CEOs who demonstrate commitment to the company
- CEOs who assert their leadership and provide direction from the beginning

The major difference between Brand A and Brand B was the level of leadership commitment and acceptance of responsibility for developing the Business Plan and setting a corporate direction. CEO for Brand A saw the business planning process as an exercise that was a lot of work and did not have any immediate value. According to Kouzes and Posner (2002), "To be a leader, you have to Model the Way for others by demonstrating intense commitment to your beliefs with each and every action" (Kouzes & Posner, 2002, p. 83).

Brand B CEO placed a high priority on the business planning process as key to setting a corporate direction and unified vision. He demonstrated his commitment and required all members of the management team to participate and to commit to the process by scheduling the meetings well in advance and introducing a "no excuses" policy. He adhered to what Blanchard, Hutson, and Willis say in *One Minute Entrepreneur*: "The visionary aspect of leadership sets the direction" (Blanchard et al., 2008, p.80).

Table 2

Comparative Analysis of the Business-to-Business Web-Based Model that Could Be Monetized Milestone

Milestone	Leadership Direction	Success or Failure	Comparative Analysis
Brand A business-to-business web-based model that could be monetized	Create a web-based business model that monetizes the recruitment industry. Brand A was to provide virtual access to services and goods of members. Brand A was to focus on facilitating the sale transaction between members.[9]	The CEO directed the team to monetize the service of companies selling their recruitment services and people looking to be recruited. The site was to provide a matching service built on a membership model that was to be monetized the same way the CEO's traditional business made money.[10] The programmer and developer **succeeded in building a web-based B2B model of the recruitment industry** on the web that monetized memberships and the transactions they conducted on the web.	The CEO deferred the development of the B2B model to the COO and President. The COO and President encouraged the CEO to become educated in the B2B models as he was the subject matter expert on the recruitment industry and this would help develop better business models. The required reading materials for the executive team were never read by the CEO. [11] The CEO was absent at the corporate presentation of the B2B design by the web architect and programmer. The CEO **did not provide leadership direction throughout the development of the B2B model.** The CEO was absent for half of the executive meetings and proceeded to give up the Chair to the COO.[12]

[9]"full-service entertainment industry broker," from Mission statement on p.6 draft of Business Plan of Brand A
[10] The traditional recruitment practice of matching required services with service providers was adapted for the web and monetized through subscriptions.
[11] All members of the management team and working advisory committee were asked by the COO to read the latest circulated literature on building web-based businesses. The COO also sent a list of books as required reading. The CEO stated during a management meeting to the COO and President that he did not have time to complete any of the required reading materials.
[12]The CEO chaired the first three management meetings. All subsequent meetings were chaired by the COO, or in his absence the President.

Milestone	Leadership Direction	Success or Failure	Comparative Analysis
Brand B business-to-business web-based model that could be monetized	Create a win-win-win business-to-business model on the web that has multiple streams of monetization that gives good value to its members that they cannot get somewhere else. Brand B is to facilitate commerce amongst and between its members to create a commercial hub. Brand B is not to engage in monetary sales transactions for members' goods over the web.[13]	The CEO led the discussion with the President and technical team giving them instructions to "lead" not "follow" with the development of the B2B model. The CEO emphasized innovation and opportunity to create a new model and new ways to monetize the A & E industries on the web. The CEO had done extensive competitive analysis that indicated there were no direct competitors to the business concept of Brand B. **The web architect and programmer successfully monetized the membership model, B2B and B2C model, advertising model, and news model for the site.[14]**	The CEO's direction to focus on the win-win-win model to monetize and build out the B2B model,[15] created innovative ways to engender loyalty on the site, grow membership, and have members share responsibility for the growth of the site. It also led to the introduction of the B2C model to extend the win-win-win monetizing model.[16] The site facilitated commerce by members to the public world-wide. The CEO's leadership pushed the team to develop membership amenities, a pay-it-forward rewards program, sell, exchange, barter and borrow nature consistent with the industry. **The CEO's leadership direction gave the team the direction to focus the development of all aspects of the site and brought all the minds together in one direction.**

[13]Brand B "provides the structure and facilitates the commerce," from Business Plan Nov. 2009.
[14] Brand B web architect and programmer created a Site Map of Brand B allowing members to have Dashboards with various services based on the level of subscription. The monetization models were included in the Business Plan for Brand B.
[15]The CEO required the web architect to work with the President to ensure all user functionality on the site benefited the member, the member's client, and the company. The CEO used the win-win-win model as a litmus test for approval of website design and programming.
[16] The B2C virtual environment facilitates members to update and sell their products globally in a structured environment directly to their consumers in addition to their B2B customers. Brand B is a "commercial hub that facilitates buying, bartering, and borrowing," Business Plan, p. 5

Leadership Direction—Experiential Observations in Action Research for the Business-to-Business Web-Based Model that Could Be Monetized Milestone

Early warning signs of possible failure

- CEOs who exhibit a "just get it done" attitude
- CEOs who try to apply traditional B2B business models to the web
- CEOs who limit profitability by limiting their scope to transactional models
- CEOs who exhibit no imagination, nor encourage imagination

Early reinforcement signs of possible success

- CEOs who do not set limits; they set expectations
- CEOs who encourage leadership in the industry and amongst the team
- CEOs who encourage the team to look for innovative ways to create profit
- CEOs who encourage the team to look for ways to give their customers added value

Lessons learned center around what Jeffrey Krames (2003) says:

> The lesson is clear: Managers hoping to create successful brands cannot do it by imposing their own views (or, worse, the management committee's views!) on the marketplace. Somehow, someway, there needs to be a mechanism in place whereby the company learns to make the products that its target customers actually want. (Krames, 2003, pp. 59–60)

Traditional B2B models need some adjustments when applying them to the web. Founder of WAIS, Brewster Kahle, said that he "learned to try not to make too many leaps at once. Most people have a very difficult time imagining something they can't see at least a demonstration of" (Livingston, 2007, p. 273).

Kurtzman and Rifkin state that, “What we found was that the business model is the key factor that leads to success in early stage companies” (Kurtzman & Rifkin, 2005, p. 115).

Leadership direction is critical to the success of developing a web-based business model that can be monetized. For many B2B businesses it is new territory that the CEO needs to embrace. What CEOs do know about web-based business models is that, “The next generation of branded Web destinations will be designed as a place to aggregate, supported by advertising” (Weber, 2007, p. 101). Building a web-based business from the start-up phase demands the CEOs encourage innovation and thinking out of the box. Some of the most successful web-based businesses today had CEOs who successfully pioneered business models on the web and were able to figure out how to reach their markets and retain their customers. Sabeer Bhatia, cofounder of Hotmail, described the monetizing of Hotmail this way,

> It was novel, but at the same time it wasn’t novel, because Yahoo had gotten funding (and later went public) on that basis. Their whole concept was to grow by advertising, even though it was a directory, because people would pay for advertising. (Livingston, 2007, p. 22)
>
> So we were thinking of the number of pages and the number of page impressions as the monetizable quantity. (Livingston, 2007, p. 22)
>
> What has happened in the last 10 years is that advertising has grown even more. It’s not just page impressions, but the number of click-throughs. The most monetizable part of advertising (at least online advertising today) is the click-through to another advertiser, which is search. When people search they’re most

likely to click through because that's when they're looking for something. (Livingston, 2007, p. 22)

When we finally did launch, each of us had pagers that would send us a page every hour, so we would know how quickly our user base was growing. It was just phenomenal – 100 people signed up last hour, 200 people this hour. Everyone knew how many users were signing on and that was very motivating to the whole company. (Livingston, 2007, p. 24)

Basecamp is a B2B website founded by Heinemeier Hansson. It was one of the first B2B websites faced with figuring out a business model that would work. During the initial stages they made some fundamental changes to their monetization of services.

> We had this expensive billing system focused on billing once a year and we couldn't use it….we pushed back the launch about a month and now we charged monthly, but we charged twice as much. …we actually got to raise the prices and at the same time create a less risky offer for small companies since they didn't have to buy a whole year. (Livingston, 2007, p. 314)

From a leadership direction perspective, Hansson advises that.

> You can't let your customers drive your product development. You need to be able to innovate on behalf of your customers....You need to be able to source input from a lot of sources, and then have your vision of what it's going to be and then drive that. (Livingston, 2007, p. 315)

Table 3

Comparative Analysis of Expertise to Build the Web-Based Business and Bring it to Market Milestone

Milestone	Leadership Direction	Success or Failure	Comparative Analysis
Brand A Expertise to build the web-based business and bring it to market	Use the CEO's advisory team for his traditional recruitment business and transfer their responsibilities and terms of reference to the new web-based business.[17] Add an additional expert in communications to the advisory team, to complement the advisor on marketing.[18] Use contacts in the market that the CEO already has.	Advisors were offered the opportunity to stay on as an advisor to Brand A or leave. Most advisors stayed. Terms of Reference were set and profit sharing was offered.[19] **CEO directed the advisors to provide services to Brand A in all requisite areas in exchange for profit sharing.** The advisors had the combined expertise required to bring Brand A to market. The technical advisor was unable to devote time to Brand A and was asked to leave as an advisor as	The CEO hired web architects to map out the recommended models. The President was asked to work out the semantic models with them and the enterprise architecture of the site. A two-day consultation session followed with all advisors and the executive team. The meeting was professionally facilitated. The models were complicated and difficult for the team to work with. The advisors recommended that that their work not be used. Their work was never used.[20] The CEO tasked the COO and President to find new experienced web developers and programmers who

[17]COO notified all members of the working advisory team that their efforts were being redirected to Brand A.
[18] The CEO invited a marketing colleague to join the advisory committee unilaterally. The management team accepted the decision and welcomed her to the team. She was assigned to work with the communications member of the team.
[19] Advisory Committee members were given the option of staying on or leaving. One member left the committee. The remaining members were asked to sign new Terms of Reference and formalized profit-sharing was offered each of the working advisory committee members in exchange for their work.
[20] The web-based models were presented at a two-day facilitated retreat. The management team did not like the models presented and chose to look for a new IT team.

Milestone	Leadership Direction	Success or Failure	Comparative Analysis
		commitments were not being fulfilled. The CEO did not replace the technical advisor.	understood the B2B user experience. The COO and President hired a web development firm to architect and program the site. **Brand A had the expertise it needed to build its web-based model and the marketing strategists to help bring it to market.**
Brand B Expertise to build the web-based business and bring it to market	The technical requirements for Brand B were articulated in the business plan. This facilitated sourcing the requisite talent. CEO sought out persons with the technical expertise to build Brand B. The CEO directed that two part-time emarketers be hired; one with expertise in social networking the other in emarketing. (Appendix C)	The CEO invited the selected web architect and web programmer to become partners in the business to ensure their vested interest in the success of Brand B. They accepted.[21] One social networking professional in the film industry was hired. One emarketer in the events business was hired. One membership and advertising	Brand B built into its executive team the technical expertise for consistency and long-term commitment. This partnership was acknowledged by the CEO as an intrinsic part of Brand B's success. The technical partners participated in all the decision-making to ensure alignment between corporate strategy and technical delivery.[22] The CEO demonstrated forethought in the early hiring of the social networking, emarketing, membership,

[21]Four advisors were selected five months after the incorporation of Brand B. They were invited to become Class B non-voting shareholders in November 2009. The CEO had a face-to-face meeting with the advisors.
[22] Technical partners architected the business models to align with the corporate strategy and Business Plan. All technical content and discussion was tracked using Basecamp.

Milestone	Leadership Direction	Success or Failure	Comparative Analysis
	The CEO directed that one full-time membership and advertising representative be hired to build up a network of potential clients and bring advertisers on-board to ensure a successful launch of Brand B.(Appendix D)	rep with experience in sales and client management in the fashion industry was hired. **The CEO ensured Brand B had the requisite skills to build the web-based business and bring it to market.**	and advertising staff as key elements to successfully launch a B2B web-based business.

Leadership Direction—Experiential Observations in Action Research for the Expertise to Build the Web-Based Business and Bring it to Market Milestone

Early warning signs of possible failure

- CEOs who look for the easiest and quickest solution
- CEOs who do not look for alternative solutions
- CEOs who are task oriented
- CEOs who do not exhibit forethought

Early reinforcement signs of possible success

- CEOs who give others a stake in the company to ensure its long-term success
- CEOs who act quickly to remove obstacles to success
- CEOs who think and plan ahead
- CEOS who develop their organization to meet current and anticipated needs

Kurtzman and Rifkin write that, "Among the hardest skills to find are leaders who deeply understand the marketplace and how to competitively position themselves in that marketplace" (Kurtzman & Rifkin, 2005, p. 44).

Some CEOs are more task-oriented and focused on the bottom line at the expense of the systems and administration that need to be in place to build the business and successfully take it to market. The CEO needs to be the foresight of the company and make sure it is built to handle the company's future needs. Frank Nemiroff, President Nemco Food Products said,

> My greatest lesson learned was to be aware of the organization's needs: It needs structure, systems, process, accountability, reporting—all of these need to be in place. In my case, they weren't. I was in denial that I needed these things. I don't

> like this stuff. I would much rather sell product and look at my bottom line. (Matthews et al., 2003, p.33)

When it comes to web-based businesses this scalability and foresight are imperatives for success. The CEO needs to lead the way.

> Our research showed that the most successful software companies paid more attention than their less successful software counterparts to growing revenue and to building a scalable business model. The companies also made greater and steadier progress on the product development value axis. (Kurtzman & Rifkin, 2005, p. 34)

Mike Lazaridis, cofounder of Research in Motion (RIM) was faced with the daunting challenge of getting the Blackberry into the market in its early days. He describes their approach this way:

> Something that a lot of people don't realize is that the BlackBerry product is a system, and the email posting and reception is actually done by a server. We spent a lot of time getting it right, knowing that the market was not ready for it. We disguised what later became the BlackBerry as a pager. (Livingston, 2007, p. 149)

This same ability of CEOs to look for alternative solutions or a new direction is consistent among successful web-based businesses. Kahle says of WAIS and the Internet Archive that, "I think we may have been the first to think of the Internet as a distribution system of software: to give something away and to sell it. I don't know any examples before" (Livingston, 2007, p. 270).

Table 4

Comparative Analysis of Advisors Milestone

Milestone	Leadership Direction	Success or Failure	Comparative Analysis
Brand A Advisors	The CEO offered members of the Working Advisory Committee a set of Terms of Reference prepared by the corporate lawyer for review and comment. The CEO offered members of the Working Advisory Committee a Profit Sharing Plan prepared by the corporate lawyer for services provided for Brand A.	Members of the Working Advisory Committee presented as pleased to contribute to the final approval of the Terms of Reference and Profit Sharing. **Each member of the Working Advisory Committee presented as pleased to accept membership on the Committee.** All members signed the Terms of Reference and the Profit Sharing documents.	The CEO set up the Working Advisory Committee as a formal operating structure. Formal weekly meetings were held. **The members of the Working Advisory Committee demonstrated commitment to Brand A and often left their other places of work to attend the meetings.** The CEO chaired the meetings initially and then transferred that responsibility to the COO. The President was responsible for the corporate Action Plan (Appendix E) which comprised activities of all members of the Working Advisory Committee. A formal weekly executive meeting was held and all members had to account for their activities. Formal minutes were kept of each meeting. (Appendix F)
Brand B Advisors	The CEO directed that Brand B have four advisors with expertise in marketing, technology, arts, and science.	The CEO extended invitations to four persons who fit the criteria for Brand B advisors.	The CEO released, from his own shares, a series of Class A Non-Voting Common Shares to the four advisors.

Milestone	Leadership Direction	Success or Failure	Comparative Analysis
	The CEO required that the advisors must have demonstrated leadership abilities in their careers. The CEO required that the advisors have demonstrated a high standard of ethics and have made contributions to society. The CEO invited the advisors to become minority shareholders in the company. Their role was to advise and to generate investment.	Each presented as pleased to accept. Each received Class A Common Shares as distributed by the CEO of Brand B.	The advisors, CEO, President, VP of web architecture and creative studio, Director of Programming comprise the shareholders of Brand B. **The shareholders hold formal quarterly meetings to review the success of the company and determine a go-forward strategy.** The CEO chairs the shareholders meetings, formal minutes are taken and distributed to the shareholders for review.

Leadership Direction—Experiential Observations in Action Research for the Advisors Milestone

Early warning signs of possible failure

- CEOs who relinquish responsibility for chairing the company's advisory committee
- CEOs who consistently are late or miss operational meetings for which others have been inconvenienced to attend

Early reinforcement signs of possible success

- CEOs who heed the advice of a formal Board of Advisors or persons who act in an advisory capacity
- CEOs who accept a leadership role in the company's relationship with its advisors
- CEOs who take under advisement the advice offered by his/her advisors; and are willing to make a decision for which the CEO takes sole responsibility

Guy Kawasaki sees the CEO as the one who should be setting the example in the company for others to follow. He states that the CEO is responsible for creating a *culture of execution*. He describes it this way:

> Execution is not a one-time event. Nor is it a process where you check off goals as if your sixth-grade teacher were looking over your shoulder. Rather, execution is a culture that produces a set of organization wide habits. The only way to establish this culture is for the CEO to set the right example: answering inquiries, solving problems, and promoting people who deliver results. (Kawasaki, 2004, p. 98)

Kawasaki also states that the leadership of the company should be focused on growing the business and putting the company first. “The internal entrepreneur’s primary, if not sole, motivation should remain the betterment of the company” (Kawasaki, 2004, p. 20).

In a start-up web-based business, recruiting advisors, or a team of advisors, to help build the business from concept through to launch is usually initiated and nurtured by the CEO. Steve Gottry explains that advisors give the company its own hands-on advice. He writes that, “This is a group to which you could, should, turn for help. Some companies formalize the advisory relationship with this group. Others rely on sporadic luncheons and phone calls to glean much helpful advice. I prefer to follow the formal track” (Gottry, 2005, p. 62). Gottry encourages companies to look for suitable advisors:

> As you develop the habit of searching for outside resources to help you fill in the missing pieces you will discover that you will be well served not only in the Implementation Stage, but in all subsequent stages of the business life cycle. (Gottry, 2005, p. 63)

Table 5

Comparative Analysis of the Partnership Arrangement: Common and Preferred Share Structure Milestone

Milestone	Leadership Direction	Success or Failure	Comparative Analysis
Brand A Partnership Arrangement: Common and Preferred Share Structure	CEO directed that the majority of common shares be held by the CEO and the President. The CEO directed that the COO was not to have enough shares to overturn a decision made by the CEO and President. CEO arranged these terms with the lawyer. CEO presented interest in being able to sell Common Shares.	One hundred percent of the common shares were owned by the CEO, COO, and President. Common shares could not be sold without majority consent of the shareholders. Class A Preferred Shares with a high rate of return was designed to offer members of the Working Advisory Committee. Class B Preferred Shares were in the process of being designed when Brand A ceased operations.	The CEO desired to formalize the corporate arrangement and structure of Brand A. The COO presented displeasure to the CEO that the COO's voting rights were rendered meaningless under the share structure. The CEO spoke often of selling common shares in the company at a future date. **Brand A successfully raised investment dollars through its Class A Preferred Shares offering.**
Brand B Partnership Arrangement: Common and Preferred Share Structure	The CEO directed that all Common Shareholders participate in raising investment funds to assist in the launch of Brand B.	CEO, President, VP, Director of Programming, and the four advisors are Common Shareholders in Brand B.	Shareholders offered Class A Preferred Shares to family, friends, and close associates. **Brand B successfully raised investment dollars to launch Brand B.**

Milestone	Leadership Direction	Success or Failure	Comparative Analysis
	Class A Preferred Shares offering was designed as the vehicle for investment.	Class A Preferred Share offering was structured with a high rate of return. The offering was restricted to family, friends, and close associates.	

Leadership Direction—Experiential Observations in Action Research for the Partnership Arrangement: Common and Preferred Share Structure Milestone

Early warning signs of possible failure

- CEOs who discuss the sale of their company shares for personal cash
- CEOs who have disagreements about shareholdings with company partners
- CEOs who discuss giving up ownership in the company

Early reinforcement signs of possible success

- CEOs who treat all shareholders as a team
- CEOs who share the company's success and/or failure with its shareholders
- CEOs who are willing to give up common shares for the good of the company

There are different reasons for partners coming together to start a new company. Partnerships, when well defined and constructed, can empower people to work together toward a common goal. Their joint efforts are in the best interest of the company. Not all partnerships can endure the trials of a start-up, particularly in the world of web-based commerce where the rules are constantly changing and being developed.

Steve Gottry (2005) shares his observations of what makes a successful partnership:

> My observation has been that there are three basic reasons partnerships don't often succeed.
>
> The first is that the partner who believes he or she is working the hardest has the perception that the other partner isn't pulling his or her share of the load.

> The second is that if the partners have an equal voice in the operation of the business, a stalemate often develops with regard to critical decisions, and the business becomes immobilized.
>
> But, the greatest cause of failure, from what I've witnessed, is that each partner can individually act on behalf of the partnership. Each partner can sign contracts, bring suits, and incur debt. Yet, in each case, both partners are individually and jointly liable for the debt, responsible for the decisions, and legally bound by the actions of one of them. One ill-advised move can doom what both individuals initially believed would be a lasting and mutually beneficial relationship. (Gottry, 2005, p. 36)

Since partners own the company together it is often referred to as a marriage of sorts and that the same care should go into selecting business partners that goes into selecting marriage partners. Business writer, Stephen Harper describes the variables to consider when selecting partnerships.

> First, if you have a strong background in starting and managing a business, you can hire specialists to deal with the "technical" side of the business.… Second, you could bring in a partner with strong technical experience in that field instead of hiring someone. This is one of the principal reasons why new businesses start as partnerships. A partner may be able to contribute valuable knowledge and experience as well as money to the business venture. (Harper, 1991, p. 36)

Gottry cites Ken Blanchard and Mark Miller on Servant Leadership and recommends this orientation for company leaders. He explains that, "What's-in-it-for-me" leaders are rarely successful. Throughout history, the leaders who have had the greatest impact have taken the position that they are “servants” (Gottry, 2005, p. 47). CEOs who adhere to this principle in partnerships have a tendency to be team oriented and to see success or failure of the company as holistic. This means that all partners and all employees are in it together—serving the company together—and the CEO sets the direction by seeing his or her role as being the biggest servant of all.

Comparative Analysis of Leadership Ethics to the Success or Failure of Brand A and Brand B to Overcome Milestones

Table 6

Comparative Analysis of the Business Plan Milestone

Milestone	Leadership Ethics	Success or Failure	Comparative Analysis
Brand A The Business Plan	CEO delivered mixed messages to COO and President on importance of the business plan during the business planning process.	CEO questioned at the first business planning meeting if he should be engaged in the process.	CEO continued to express conflicted messages, and conflicted interest in the success of Brand A.
Brand B The Business Plan	CEO assumed authority over the business planning process.	CEO demanded participation by President in the business planning process.	CEO focused on the completion of the business plan before proceeding with building Brand B.

Leadership Ethics—Experiential Observations in Action Research for the Business Plan Milestone

Early warning signs of possible failure

- CEOs who assume no responsibility for the business planning process

Early reinforcement signs of possible success

- CEOs who have sense of responsibility to the business planning process

The business plan sets not only direction; it sets the tone and culture for a new start-up. According to Linda Pinson and Jerry Jinnett (2000), the business plan is written not only as a requirement to secure lenders and investors but, “to serve as a guide during the lifetime of your business” (Pinson & Jinnett, 2000, p. 202).

As CEO and founder of a Hotmail, Sabeer Bhatia took responsibility for writing the business plan and explains that it is fundamental in building a business. Bhatia offers this advice,

> The general piece of advice, which is fairly mundane, and oft repeated is: make sure you write a business plan because it will crystallize your thoughts to communicate your ideas with somebody else. Make sure that once you have written your business plan you have somebody read and critique it and ask you questions. (Livingston, 2007, p. 28)

In a start-up company, it is the CEO’s role and responsibility to set the vision and the mission for everyone else in the company. It is inextricably linked to the CEO’s own belief in the company’s vision and purpose. According to Matthews, Dennis, and Economy, “Building a culture begins with communicating the CEO’s own beliefs and linking them to the company’s mission and vision” (Matthews et al., 2003, p. 33).

Table 7

Comparative Analysis of the Business-to-Business Web-Based Model that Could Be Monetized Milestone

Milestone	Leadership Ethics	Success or Failure	Comparative Analysis
Brand A Business-to-business web-based model that could be monetized	CEO directed that the web-based membership model generate maximum income that the market could bear.	CEO directed that corporate memberships be significantly higher than personal memberships. CEO cited the current recruitment industry practices.[23]	CEO used traditional rates to be used as online rates although the level of service on the web was different.
Brand B Business-to-business web-based model that could be monetized	CEO directed that the site comprise free and paid amenities, including free and paid memberships.	CEO directed that not all membership levels and amenities be available during Phase I of three phases. CEO directed that the highest level of memberships be introduced in year 2 and be developed by the members.[24]	CEO requested that the memberships and amenities reflect what the market could bear.

[23]Monthly subscription fees. For individual memberships with maximum services on the site the fee was approx. $50 a month. For company memberships with maximum services on the site the fee was approx. $150 a month.
[24]Monthly subscription fees for individuals and companies is the same. A premium membership will be open to members to design.

Leadership Ethics—Experiential Observations Based on Action Research for the Business-to-Business Web-Based Model that Could Be Monetized Milestone

Early warning signs of possible failure

- CEOs who apply traditional economic principles to the web environment
- CEOs whose focus is solely on maximizing profits without regard for product positioning

Early reinforcement signs of possible success

- CEOs who know the price points that the market can bear for their products
- CEOs who understand their consumers

As with any start-up business, positioning the company's products and brand in the marketplace requires a well thought-out strategy. This becomes particularly important in a web-based business where the consumer sees through the ethical wrapping and placement of products and is often publicly vocal about their opinion and how they want to be served. This interactive environment requires any web-based start-up to define their product clearly, how it can be monetized to provide value to the consumer and make money for the company, and how to position it in the marketplace. According to Pinson and Jinnett:

> Positioning is much like a ranking system. Determine where you want to be on the ladder. Choose the most effective combination of products and/or services to offer as a product line based on feedback from your customers. Determine where you want your product line to be positioned in the marketplace. (Pinson & Jinnett, 2000, p. 176)

Even though the "most important thing is having a product" (Kurtzman & Rifkin, 2005, p. 46), when it comes to a web-based business you've got to "own the customer" (Livingston, 2007, p. 29). Web-based businesses need to provide a monetized environment on the web that gives consumers "the least amount of resistance" (Livingston, 2007, p. 29) to buying the product or service online.

This kind of consumer-driven, commercial environment makes new demands on CEOs and their ethical standards. They can no longer maximize profits at the expense of the consumer. This then challenges CEOs to acknowledge that the needs of the consumer are paramount in building a web-based business. The ethical standard of the CEO gets translated into the web-based business model and becomes transparent. Gottry offers this advice to business persons trying to achieve success in the modern economy:

> The truly successful business person in today's society—the one whose success lasts—is *not* the one who lies or cheats to get ahead…. Let your Yes be Yes, and let your No be No. Mean what you say. Keep your word. Hold fast to your promises. Live up to your guarantees. Deliver the service that you sold with the product. (Gottry, 2005, p. 168)

Table 8

Comparative Analysis of Expertise to Build the Web-Based Business and Bring it to Market Milestone

Milestone	Leadership Ethics	Success or Failure	Comparative Analysis
Brand A Expertise to build the web-based business and bring it to market	CEO presented as unknowledgeable in web-based businesses. CEO would not acknowledge lack of understanding. CEO presented as unknowledgeable in bringing web-based businesses to market. CEO would not acknowledge lack of understanding.	CEO was subject-matter expert. CEO was successful entrepreneur in traditional business model. CEO directed that the same principles applied to a web-based business as a traditional business.[25]	CEO made decisions and gave direction to the team based on his understanding of traditional business. This created conflict between the COO and President. CEO hired expertise in all areas in which he accepted responsibility. He hired experts in traditional recruitment who were not aware of the needs of a web-based business. This created conflict.[26]
Brand B Expertise to build the web-based business and bring it to market	CEO presented as knowledgeable in web-based businesses. CEO presented as knowledgeable in bringing web-based businesses to market.	CEO worked in high-tech industry. CEO worked in the global marketplace in sales and marketing.	CEO identified areas in which the company lacked expertise. CEO identified that experts in emarketing and social networking needed to be acquired.

[25]CEO directed that a call center be set up to answer calls from website members and that a Client Relations Manager be hired to run it. The Client Relations Manager was hired in November 2008.

[26] CEO requested a call center expert in traditional businesses speak to the Working Advisory Committee at an executive meeting in February 2009. He was not experienced in web-based business virtual service desks. CEO recruited a colleague experienced in traditional marketing to write the marketing plan who was not experienced with e-commerce, social networking or monetizing websites. The plan was not approved by the executive team.

Leadership Ethics—Experiential Observations in Action Research for the Expertise to Build the Web-Based Business and Bring it to Market Milestone

Early warning signs of possible failure

- CEOs who do not acknowledge they do not know what they do not know
- CEOs who delegate their responsibilities to unqualified or inexperienced experts
- CEOs who are unwilling to learn more about their marketplace

Early reinforcement signs of possible success

- CEOs who acknowledge personal and professional limitations
- CEOs who acknowledge limitations of the company
- CEOs who acknowledge gaps in company expertise
- CEOs who actively seek to learn more about their marketplace

Those CEOs who have been successful in launching web-based start-ups from concept to multimillion dollar businesses were open to learning, risking, and adapting. It was, and still is, a brave new world of commerce. There are many lessons that they learned that can serve other CEOs when starting a web-based business. Bhatia says that although the usage patterns of people using the internet was “baffling” (Livingston, 2007, p. 25) to them, they learned one big lesson: “Don’t try to change user behavior dramatically” (Livingston, 2007, p. 28). They were willing to let the consumers teach them how they wanted to use the web-based service.

> Mike Lazaridis, founder of Research in Motion (RIM) said, “The tricky part was, how do you intercept a market trend? How do you intercept an industrial trend? How do you package what you’ve learned and what’s happening in the

> technology space so that it has new value to customers? How do you find those customers?...
>
> It took a lot of faith. You call it vision, but it's a combination of vision and faith that 1) it's going to happen someday; and 2) it has value, and 3) you can actually accomplish it in an economic way and promote it so you can fund the development and growth of the business. That's pretty tricky stuff. (Livingston, 2007, p. 147)

Not only did RIM figure out the value of wireless data for its consumers in the new marketplace, it also had the expertise to build a top technology product. The same is true for Apple, Inc. One of its founders, Steve Wozniak, was determined to create a product—the apple computer—that had the least number of parts and did not have any bugs in its software or hardware. This was his personal goal for Apple's consumers. He describes his standards this way:

> Not one bug in the hardware, and not one bug in the software. And you just can't find a product like that nowadays. But you see, I had it so intense in my head, and the reason for that was largely because it was a part of me. Everything in there had to be so important to me. This computer was me. And everything had to be as perfect as could be made." (Livingston, 2007, p. 49)

Table 9

Comparative Analysis of Advisors Milestone

Milestone	Leadership Ethics	Success or Failure	Comparative Analysis
Brand A Advisors	CEO transferred advisors from advising a traditional business to advising a web-based business. CEO gave them a choice to transfer or resign as an advisor.	CEO held weekly meetings with the Working Advisory Committee in the boardroom of his traditional recruitment business. CEO did not attend half the meetings of the Working Advisory Committee.[27]	CEO provided a central location for meetings; a telephone bridge for long-distance participants. CEO often did not notify advisors of his absence prior to the meetings.[28] President took minutes of meeting. COO approved minutes. CEO advised he did not want to review minutes before meetings.
Brand B Advisors	CEO prequalified advisors. CEOs told at the outset what was expected of them. CEO rewarded advisors with Common Shares.	CEO met with each advisor to prequalify them. CEO selected the advisors.	CEO established a personal relationship with each advisor. CEO set out expectations for role and responsibility of each advisor. CEO schedules shareholder meetings; sends agenda; chairs meetings. President takes minutes; CEO approves minutes. President distributes minutes for review by all shareholders.[29]

[27] CEO was in full attendance for the first few months and toward the end was in attendance at very few meetings. Brand A attendance records show an absence of 50% of the time overall.

[28] Working Advisory Committee members were scheduled to meet in the boardroom of the CEO's company. Eight months into the company's development, the CEO was often absent, had the door locked, and gave members the entrance code to use the boardroom. Meetings were changed to teleconferences.

[29] CEO scheduled formal quarterly face-to-face shareholder meetings well in advance. He chaired the meetings and formal minutes were taken and distributed.

Leadership Ethics—Experiential Observations in Action Research for the Advisors Milestone

Early warning signs of possible failure

- CEOs who do not attend prescheduled meetings with company advisors
- CEOs who do not establish either personal or working relationships with company advisors

Early reinforcement signs of possible success

- CEOs who establish a relationship with company advisors
- CEOs who set expectations for company advisors

Even experienced CEOs in the web-based business environment seek out the assistance of advisors. Running a traditional business, or even a previous business in the web environment, does not preclude finding experts who can help create a new successful start-up. Ron Gruner, when he started Shareholder.com said,

> I hired several consultants who knew the industry well, who had been in trade organizations or otherwise had credibility. I had them educate me about the industry and also take me around to opinion leaders in the industry. We talked about what they'd like to have and the opportunities they saw, as well as talking about more abstract ideas. (Livingston, 2007, p. 433)

Gruner always appreciated advice offered by others. Prior to founding Shareholder.com he cofounded Alliant Computer and said he found "a lot of plain, simple wisdom from some of the venture capitalists we had (Livingston, 2007, p. 429).

Having advisors or an advisory board requires a commitment by the CEO to establish, maintain, nurture, and honor relationships with advisors. These mentors can evolve into personal as well as professional relationships. Brewster Kahle said this of the importance of his two advisors,

> Most people don't have mentors. They say, 'well, I've had influential teachers. I've learned a lot from this person.' But they don't think of it as a mentor. A mentor is a life guide somebody that you might work with, but somebody who is helpful toward watching bigger issues about things that guide your life. (Livingston, 2007, p. 278)

Table 10

Comparative Analysis of Partner Arrangement: Common and Preferred Share Structure Milestone

Milestone	Leadership Ethics	Success or Failure	Comparative Analysis
Brand A Partner Arrangement: Common and Preferred Share Structure	CEO presented as wanting control of decision-making. CEO expressed dislike for conflict among management.[30] CEO self-assigned responsibility for obtaining investors and corporate credit.	CEO held the reigns to corporate finances and investment. CEO threatened to leave Brand A. CEO expressed the reason to be irreconcilable differences with COO as partner.	CEO presented as in charge of finances and presented distrust of other partners to manage finances. CEO used Common Shareholdings to wield authority over COO.
Brand B Partner Arrangement: Common and Preferred Share Structure	CEO directed requisite formal quarterly shareholder meetings for all common shareholders with set agenda. CEO chairs these meetings. CEO assigned equal responsibility for obtaining investment through Preferred Shares to all common shareholders.	CEO and President have equal shares in the company. CEO authorized shared banking responsibilities.	CEO presents to common shareholders their responsibilities as owners of the company. CEO reminds the team they are accountable for decisions made, in particular, with investment dollars.

[30]CEO asked for a formal meeting with the COO and asked the President to be in attendance and moderate the discussion. The CEO indicated to the COO that there was a conflict in their management styles and indicated that he was willing to pull out of the company. The COO indicated likewise.

Leadership Ethics—Experiential Observations in Action Research for the Partner Arrangement: Common and Preferred Share Structure Milestone

Early warning signs of possible failure

- CEOs who use their majority Common Shares to assert their authority over a partner
- CEOs who do not get along with their other partners and shareholders
- CEOs who do not get along with their management team
- CEOs who threaten to leave the company unless other partners change their behavior to accommodate them
- CEOs who do not value their investors

Early reinforcement signs of possible success

- CEOs who share financial and operational control with the executive team
- CEOs who share corporate responsibility and decision-making with other company owners
- CEOs who value and nurture relationships with company partners and investors

Steve Perlman, cofounder of WebTV provides this insight:

The worst thing that can happen to a startup is if the founding team—or people who are leading the thing—do not get along. And it's deadly when they don't get along in front of the troops. I've come to realize over the years that companies are just the people that make them up. We like to think of them as business enterprises and having this value and that value. …any organization that actually has a product they are trying to ship and/or service they are trying to provide, it

> mainly comes down to the people. And the attitude of the company distills from the top. (Livingston, 2007, p. 188)

Pearlman also offers this insight into the consequences of company cofounders who do not get along, do not have the same views of the company and do not have the same vision. He says:

> I also learned about working with people, because one of the guys I cofounded it with, it just didn't work out between us. He had his perspective of where he wanted to take the company; I had mine. I realized that these things are like a marriage. When you cofound something, you've got to have people that have similar kind of perspective on where you're going to take the thing. Otherwise you're just locking horns all the time. (Livingston, 2007, p. 175)

He explains that when the company's leadership do not agree on the philosophy or vision of a company then they are "never going to agree on how to execute" (Livingston, 2007, p. 189). Moreover, he says that company principals have to "respect each other" and have "cordial relationships" (Livingston, 2007, p. 189). He says, "You've got to be decent people" (Livingston, 2007, p. 189).

For Perlman, regardless of their differences, they rose above them to demonstrate a strong, unified leadership for the company. "They worked well together, for better or for worse. They projected a common vision. They exuded stability, which made everyone else feel stable in the company. And it made the company strong. They were able to survive" (Livingston, 2007, p. 189).

Comparative Analysis of Leadership Greed to the Success or Failure of Brand A and Brand B to Overcome Milestones

Table 11

Comparative Analysis of the Business Plan Milestone

Milestone	Leadership Greed	Success or Failure	Comparative Analysis
Brand A The Business Plan	CEO agreed to the business planning process as set out by the COO. CEO agreed to the COO and President meeting on retreat to engage in the business planning process and covered the costs for the team to meet.	The CEO did not set a timeline for the completion of the business plan. The CEO was accommodating to the COO's schedule.	CEO talked about how much money and time it cost to do the business planning process. CEO deferred the facilitation of the business planning process to the COO.
Brand B The Business Plan	CEO set schedule for business planning process in cooperation with the President. CEO directed what was to be accomplished during each planning session.	CEO and President jointly covered the cost of the business planning process meetings.	CEO scheduled time away from other duties to facilitate the business planning process.

Leadership Greed—Experiential Observations in Action Research for the Business Plan Milestone

Early warning signs of possible failure

- CEOs who see the business planning process as an inconvenience
- CEOs who do not like strategic planning
- CEOs who do not see the monetary value in business planning

Early reinforcement signs of possible success

- CEOs who make the business planning process a priority
- CEOs who understand the business planning process and set expectations of participants
- CEOs who link the vision, mission of the company to its financial success

The differentiator in the most successful CEOs is best explained by Judith McQuown:

> The popular perception is that successful entrepreneurs or independent professionals are mavericks, ego-driven macho types (regardless of their gender), flying by the seat of their pants. That perception, shared unfortunately by many entrepreneurs, is only about half accurate. Many are ego-driven mavericks: that part is true. But the most successful of them have a plan, even if it's informal and unwritten. (McQuown, 2002, p. 75)

In the ultimate leadership role, the CEO needs to take charge of where the company is headed and to stay focused. In this way, others can follow where he or she leads. Matthews et al., suggest that leaders need to, "Identify your goals, recognize where your business model is vulnerable, then develop a plan and execute it. Stay focused and don’t allow employees, yourself, or your partners to get distracted” (Matthews et al., 2003, pp. 70-71).

Keeping everyone headed in the same direction is as important as setting the direction. The CEO is also responsible for creating a positive environment for strategic growth, one in which people are rewarded for their efforts to grow the company and move it forward. “Of the three tactics for building morale, the most important is to create an environment in which people know that they will be rewarded for their contributions and will have an opportunity for advancement” (Gottry, 2005. p. 196).

Table 12

Comparative Analysis of the Business-to-Business Web-Based Model that Could Be Monetized Milestone

Milestone	Leadership Greed	Success or Failure	Comparative Analysis
Brand A Business-to-business web-based model that could be monetized	CEO presented as solely concerned with the profitability of monetizing the traditional recruitment model to an online service.	The CEO assumed full responsibility for setting price points for online recruitment services; profit margins; and return on investment.	The CEO demonstrated sole control of the pricing models and return on investment.[31] The COO and President trusted the CEO's judgment and experience. They did not offer an alternative until the financials were pending for six months.[32] At that time the COO assumed responsibility for the completion of the financials and determining the costs of doing business.[33]
Brand B Business-to-business web-based model that could be monetized	CEO presented as concerned with having multiple monetized services on the site.	The CEO directed the team to come up with membership models and pricing for discussion; advertising models and pricing for discussion; amenities programs and pricing for discussion; and recommend other monetized services on the site for discussion.	The team presented the CEO with membership models and recommended price points; advertising packages with recommended price points; amenities programs with recommended price points; other monetized services on the site with recommended price points.[34] CEO organized team meetings to discuss the recommendations and make final decisions together.

[31]The COO and President deferred pricing to the CEO, as he was the expert in the recruitment industry and knew what the market could bear. The CEO set the price points for memberships and determined the company's overall return on the investment. He was in charge of the financials and all the "numbers." He had the sole relationship with the accountant.

[32]The CEO failed to provide complete financials for inclusion in the business plan. The COO scheduled a meeting with the President at the end of March 2009 to work out the financials. They were never completed.

[33]The COO was working on the financials when the CEO resigned from his position and as an officer of the company. The COO resigned soon after.

[34] The President worked with the technical team and advertising representative to develop the member packages, price points, and monetization of the business model as defined in the business plan. These were presented for discussion and approval by the CEO.

Leadership Greed—Experiential Observations in Action Research for the Business-to-Business Web-Based Model that Could Be Monetized Milestone

Early warning signs of possible failure

- CEOs who assume sole control of product pricing and the return on investment
- CEOs who do not take an interest in the development of the business model
- CEOs who do not deliver what they promise to deadline

Early reinforcement signs of possible success

- CEOs who share responsibility for setting product price points with executive team and employees
- CEOs that set expectations for business model and return on investment
- CEOs who look for multiple products to provide to consumers

One of the key proof points of a start-up is the ability of its management team to develop a viable money-making product, and for the web a viable web-based monetized business model, and get it to market. According to Kurtzman and Rifkin, "A startup must be able to demonstrate that it cannot only build the product—get it to work reliably and get it out the door in a reasonable time frame—but also that it has a product road map for future development" (Kurtzman & Rifkin, 2005, p. 137).

For a web-based business setting the price point suitable for online sales and consumer expectations, takes strategic thinking. According to Masterson there is, "For every product, there is an optimal selling price-a price at which the selling campaign will yield the greatest profits" (Masterson, 2008, p. 81). He adds there is an ultimate goal when setting a price point, which is "to figure out how much to charge for a product that you are selling with the main purposes of bringing in new customers" (Masterson, 2008, p. 83).

The overriding goal of the CEO is then to make sure the business model can deliver at the price point that is set. Matthews et al., advise that CEOs,

> Make sure your business model works. It's not about how many customers want free samples, but how many will pay. It's not about increasing revenues if expenses are out of control. It's all about profit and getting a return on your investment of time, energy and money. (Matthews et al., 2003, p. 212)

For a web-based business model to be successful, it is essential for CEOs and the company's management team not only need to get the price point right, they need to "decide what kind of experience you want your customers to have as they interact with every aspect of your organization" (Blanchard et al., 2008, p. 64). This interactive virtual experience is what keeps consumers coming back and grows the business.

Once a web-based business monetizes its goods and/or services successfully, its return on investment has just begun. It then needs to move to the next level of growing the business and evolving the business model. Blanchard et al., offer three cautionary notes for growing the return on investment. "1) Unless you want to do all the work, you have to think of ways to come with new sources of revenue. 2) If you focus on managing costs, your business will never grow. 3) Don't be afraid to seek advice when your business goes to a new level" (Blanchard et al., 2008, p. 51).

Whether a web-based business, or a traditional business, according to Masterson, for a start-up to grow into a multimillion dollar enterprise the leadership of the company needs to make five things happen. He states:

For a start-up to grow into a $100 million or $300 million enterprise, it must be very good, if not great, in five areas.

1. Coming up with new and useful product ideas
2. Selling those products profitably
3. Managing processes and procedures efficiently
4. Finding great employees to do the work
5. Getting people, procedures, products and promotions going. (Masterson, 2008, p. 33)

Table 13

Comparative Analysis of Expertise to Build the Web-Based Business and Bring it to Market Milestone

Milestone	Leadership Greed	Success or Failure	Comparative Analysis
Brand A Expertise to build the web-based business and bring it to market	CEO looked to the Working Advisory Committee to fill the gaps in expertise required to build the web-based business.	CEO required the Working Advisory Committee to provide staffing services until the company could afford to hire staff. COO and President distributed the latest literature on web-based business and emarketing to the CEO and members of the Working Advisory Committee.	The technical advisor on the Working Advisory Committee was released for not fulfilling commitments, which left a gap in expertise required to build the web-based business.[35] The CEO directed the COO and President to resolve the gap and obtain the required expertise.
Brand B Expertise to build the web-based business and bring it to market	CEO determined the gaps in expertise to build the web-based business and bring it to market.	CEO required job specifications to be written for staffing requirements and set out a plan for remuneration. CEO encouraged the executive team, staff and advisors to read, distribute and share the latest literature.	CEO requested the President interview potential staff and hire according to the President's judgment.[36] CEO welcomed the new staff with a personal email.

[35]The technical advisor presented as unprepared, distracted, and inattentive at meetings. The COO broached this with him and it was decided that he leave his capacity as advisor.

[36] The President conducted interviews, selected the technical, advertising, and marketing staff. All members were on board by November 2009.

Leadership Greed—Experiential Observations in Action Research for the Expertise to Build the Web-Based Business and Bring it to Market Milestone

Early warning signs of possible failure

- CEOs who do not set out roles and responsibilities for those providing services
- CEOs who do not set out job specifications for staff
- CEOs who do not take an interest in development of the business model

Early reinforcement signs of possible success

- CEOs who share hiring responsibilities with management team
- CEOs who require job specifications, roles, and responsibilities set out for all staff and service providers
- CEOs who encourage partners and employees to work towards same goals

Getting the right expertise and the right people in the right jobs is critical to the success of a web-based business. There are very specialized skills required to build a web-based business model that works and which can be brought to market. Gruner came up with a system for hiring the right people for Shareholder.com. He explains,

> We wanted to be very selective in how we hired people. We had a process we called 'chemistry, mechanics, and religion." – 3 interviews. Chemistry was first – personal interview and it had to go both ways. Mechanics was second – specifics of the job. Religion was third - "if you'd like to join us you sign the offer letter; and we will then tell you what the project is. That was religion. (Livingston, 2007, p. 437)

In short, the CEO should "Create a culture that reflects your vision and hire people whose personal values fit yours"(Matthews et al., 2003, p. 70). Contrary to Gruner, Gottry states that, "No employee should... fill an open position-without first knowing what assignments he or she will be asked to fulfill, and what standards will be used to evaluate performance" (Gottry, 2005, p. 200).

The CEO has a key role to play in getting everyone in the start-up rowing in the same boat towards success. Blanchard et al., (2008) explain it this way:

> It's the role of managers to do everything they can to help team members be successful. This is where the partnering relationship and the 'serve' aspect of servant leadership really kick in. You do everything you can to help team members soar like eagles. (Blanchard et al., 2008, p. 85)
>
> If you want people to win and accomplish their goals, they need somebody observing and monitoring their behavior after goals are established. This is when you guide them in the right direction if they are off base, and praise and cheer them on if they are on the money. (Blanchard et al., 2008, p. 87)

Business writer, Masterson states that the real motive for most employees is as follows:

> Money is not even the second most important motivating force for very good people. Sleazy salespeople and officious managers are motivated by money, but very good and great employees are motivated primarily by the opportunity to become more than they are. Next on their list is recognition. Very good people thrive on being recognized as good and appreciated. There have been countless studies on what motivates employees, and money is never among the top three

factors. That doesn’t mean money doesn’t count. You can’t expect to underpay good people and get away with it. (Masterson, 2007, p. 314)

Table 14

Comparative Analysis of Advisors Milestone

Milestone	Leadership Greed	Success or Failure	Comparative Analysis
Brand A Advisors	CEO used advisors for a traditional recruitment services industry model and transferred their responsibilities to a web-based model.	No additional funds were required to obtain advisory services.	The advisors on the Working Advisory Committee were not experienced in developing a web-based business.
Brand B Advisors	CEO stipulated the type of advisors required for the company. CEO stipulated that advisors be committed to the company's success. CEO chose to give up some of his Common Shares to ensure the long-term commitment of advisors.[37]	CEO issued Common Shares to recruit advisors with specified skills.	The advisors were also shareholders who had a vested interest in the company's success and had specific assigned roles.

[37]CE0 chose to give up five percent of his common shares in November 2009 and sell them for $1 each to give the advisors a stake in the company's success. He discussed this with the President and asked if she would do the same. She did.

Leadership Greed—Experiential Observations in Action Research for the Advisors Milestone

Early warning signs of possible failure

- CEOs who select advisors without qualifications
- CEOs who never seek the advice of advisors
- CEOS who put their own gain ahead of the company's or shareholders'

Early reinforcement signs of possible success

- CEOs who are willing to put the company's gain ahead of their own
- CEOs who reward long-term commitment
- CEOs who seeks corporate advisors for specified roles and responsibilities

Company advisors are only as influential as the CEOs allow them to be. "For a mentor to be effective, you have to be an enthusiastic and committed protégé" (Blanchard et al., 2008, p. 25).

A number of successful web-based businesses had CEOs who were willing to sacrifice everything to achieve success for their start-up companies. One such person was Steve Perlman when he founded WebTV. "Though we were quite frugal, it still was a high cash burn. We were just about out of money. So I mortgaged my house, liquidated all my assets, and brought in all the cash I could to help it" (Livingston, 2007, p. 180).

One of the key indicators of a start-up, or established business, heading for failure is when the CEO places his or her personal interests above the company's interests.

> People in power allocate more for themselves or their constituents –more money, more privileges, more fame more of the spoils for success –seeking to capitalize

> as much as possible in the short term, rather than investing primarily in building for greatness decades into the future. (Collins, 2009, p. 64)

Advisors or advisory groups quickly recognize those CEOs who are in business for themselves alone or those who are in business to grow their companies. “Nurture your people. They make it all happen. Without them, you have no company” (Blanchard et al., 2008, p. 43).

Qualified advisors or mentors are careful to share their advice and often believe that “helping others is as important as being helped” (Blanchard et al., 2008, p. 23).

Table 15

Comparative Analysis of the Partnership Arrangement: Common and Preferred Share Structure Milestone

Milestone	Leadership Greed	Success or Failure	Comparative Analysis
Brand A Partner arrangement: Common and Preferred Share structure	CEO specified the quantity of Common Shares to be allocated to the three owners.CEO directed that all Common Shares were to be voting shares. CEO specified the raising of money through Preferred Shares.	CEO set a limit on how many Common Shares could be issued to the COO. CEO set an unlimited number of Preferred Shares to raise investment dollars for Brand A.	COO requested, on three different occasions, an increase in the number of Common Shares allocated to him.[38] CEO was concerned about placing the COO in a voting position that could overturn his decisions.
Brand B Partner arrangement: Common and Preferred Share structure	CEO specified the quantity of Common Shares to be allocated to the four owners based on short and long-term corporate involvement in the company. CEO allocated a percentage of the Common Shares for the advisors. CEO specified the raising of money through Preferred Shares only to family, friends, and close associates.	CEO set 66% of the Common Shares for decision-making to be made between the CEO and the President. CEO directed that the CEO and President have Common Voting Shares. All other Common Shares were to be non-voting. CEO directed that only the CEO and President were to be both Directors and Officers of the company. CEO set an unlimited number of Preferred Shares to raise investment dollars for the launch of Brand B.	CEO proposed that an equal number of Common Shares be allocated to the CEO and the President prior to the incorporation of Brand B. Partners discussed and agreed to the allocations. CEO and President discussed and agreed on all subsequent reallocation of Shares.

[38]The CEO initially allocated 10% of the Common Shares to the COO. The COO then negotiated 15% of the Common Shares. The CEO agreed to allocate 25% of the Common Shares to the COO at point of signing the incorporation documents.

Leadership Greed—Experiential Observations in Action Research for the Partnership Arrangement: Common and Preferred Share Structure Milestone

Early warning signs of possible failure

- CEOs and common shareholders who argue about company ownership
- CEOs who unilaterally decide on allocation of corporate ownership with partners
- CEOs seeking short-term rewards at expense of other shareholders

Early reinforcement signs of possible success

- CEOs and common shareholder partners who agree the allocation of ownership is fair and equitable
- CEOs who use Preferred Share offerings to raise investment dollars for a specified reason
- CEOs who are accountable to partners and shareholders

There are many reasons why people become business partners and why some partnerships are doomed to fail. Matthews et al., (2003) cite two reasons. The first is the instance of Julie Pearl, Managing Attorney and CEO, Munro, Nelson & Pearl. "Pearl tried to make her "partner" into something that she wasn't because Pearl wanted her to work out as a partner for her business." From this experience, Pearl says she learned that no partnership should cause a person to change his or her basic core values (Matthews et al., 2003, p. 126).

The second lesson is learned from Peter Davies, Junior Partner, Harrison Zulver, London, England (Matthews et al., 2003, p. 133). Davies explained that, "A lot of people like someone, or they get excited about an idea and say, "Let's go into partnership and set this up." I don't think they really understand what they're getting themselves into" (Matthews et al., 2003, p. 133).

The choice of partner contributes to the success or failure of a business. "Good partnerships can turn an ordinary business into a roaring success. Bad partnership can ruin even the best business, taking the hopes and dreams (and often financial security) of the founder along with it" (Matthews et al., 2003, p. 11).

People often turn to friends or families to invest in their company or to partner with them. This can be good—or it can be bad—for business. For Gruner, it was good. His investors were:

> A small group of about 8 to 10 of my friends and business associates, who put in about $25,000 each. We raised $276,000. I nursed that money very carefully, working without a salary for quite a while. It turned profitable in the summer of '94 and I just grew the company up organically until I sold it to NASDAQ in January of 2006. (Livingston, 2007, p. 434)

Others however may find themselves in a situation where the investor wants to take on a position in the company, and feels entitled to the position to guard the investment. Family members and close friends take on positions in the organization that they are not qualified to hold, just to protect their ownership. Ownership and management position should be two separate things (Blanchard et al., 2008, p. 126)**.**

Among Matthews et al.'s top ten lessons to establishing successful partnerships, there are three—numbers 2,7, and 9—that stand out as they relate to Brand A and Brand B. They are:

2. Match our values and your goals carefully. Incompatibility at the beginning of a partnership is likely to get worse over time.
7. Know the difference between an investor and a partner.
9. Carefully define the roles and responsibilities of the partners and revisit this on a yearly basis. (Matthews et al., 2003, p. 146)

Contrasting the Differences in Brand A and Brand B Business-to-Business Model and Correlating the Differences to the Leadership Triad Characteristics

Table 16

Difference in the Web-Based Business Model of Brand A and Brand B

Fundamental Difference in the web-based Business Model	
Brand A	**Brand B**
Brokering Model	Facilitates Transactions Model
Money would be made from memberships and using services on the site.	Money would be made from memberships, advertising, and amenities on the website.

How Does this Difference in the Web-Based Business Model Correlate to the Difference in Brand A and Brand B Leadership Direction, Leadership Ethics, and Leadership Greed?

Qualitative analysis

CEO for Brand A was focused on the bottom line throughout the building of the company from concept through to the beta launch. He looked for ways in which he could have members provide money in exchange for services. He was focused on profit and the profit margin. The complexity of developing a web-based model and monetizing it were inconveniences and distractions to getting the business operating online. "I can make money right away" presented as the CEO's orientation and direction, and this conflicted with the COO, who was focused on developing a sustainable business model, happy consumers, and long-term success. The COO worked with the President and the technical team to create a transaction model, however, this conflict escalated and the COO refused to submit to principles set by the CEO. Since the CEO and COO were partners it contributed to the failure of Brand A to launch.

The leadership triad—direction, ethics, and greed—in the CEO and COO of Brand A were completely out of sync, especially when trying to develop a business model.

In contrast, the CEO for Brand B was focused on creating a new B2B business model that facilitated commerce. He saw Brand B as a leader in e-commerce, not only for the owners of Brand B, but for all the customer members of Brand B. He directed all his partners to think this way and to assume a leadership role. This led to the expansion of the B2B revenue model into a B2C environment to allow members to grow their businesses exponentially and open, what is usually a closed environment, to the consumer in a structured way. This would be good for business for Brand B members and for the company brand.

The leadership triad – direction, ethics, and greed—demonstrated by the CEO of Brand B brought all the partners together working toward the same goal and in the same direction.

Some expert advice

Web-based business models can choose from a variety of ways to create commerce on the web. The key however is to build a business that has a “recurring revenue stream” (Livingston, 2007, p. 432).

Table 17

Difference in the Membership Model of Brand A and Brand B

Fundamental Difference in the Membership Model	
Brand A	**Brand B**
Free + Paid Memberships	Free + Paid Memberships
First level of membership is free. There are two types of members – individual and corporate. Corporate clients are required to pay a higher fee than individuals who are clients. Members of both levels pay higher fees for more services.	First level of membership is free and everyone is encouraged to be a member of Brand B. Four membership levels. All members pay the same price for the same level of services and amenities on the site.

How Does this Difference in the Membership Model Correlate to the Difference in Brand A and Brand B Leadership Direction, Leadership Ethics, and Leadership Greed?

Qualitative analysis

The CEO of Brand A and the CEO of Brand B understood the importance of creating the first level of membership as a free membership. The advisors of both companies emphasized this as a fundamental principle of e-commerce and the subscription membership model.

The CEO for Brand A directed that companies can pay more than individuals and as such should be charged more for memberships. A two-tiered system was developed.

The partners in Brand B advised the CEO to develop four levels of membership. The first level would be free, the second would be the most popular, the third would have the most services. They advised that the fourth level should be left up to the membership to develop. The CEO agreed and directed the team to develop the membership models.

The CEO in Brand B was customer-oriented and heeded the advice of his team. The CEO of Brand A was blending new e-commerce principles with traditional pricing principles to develop a subscription model from his sole perspective.

Some expert advice

The most common web-based business model for business-to-business websites is a subscription model. The price for subscription to access the goods or services varies from free to monthly payments. Payments are usually automatically deducted from a credit card. For instance, this is how Heinemeier Hansson successfully monetized his online B2B services:

> Though Basecamp is a monthly service, you don't need to pay anything when you first sign up. If you just need to manage a single project, the product is free for life. So a lot of people got in just testing it out for a certain project.
>
> As soon as they realize that they'd like to use it again on another project there's an upgrade path for them to go down…. We have a shallow upgrading curve where you can go from paying nothing to paying very little. The most expensive version is only $99 a month. And because we charge on a monthly basis, and if it's not what they want, they can cancel easily. And that's been one of the most powerful marketing tools. (Livingston, 2007, p. 311)

Internet guru Chris Anderson calls this model one of the "most common business models on the Internet, from Skype to Yahoo! Mail." He says it works to "attract lots of users with a free service and convince some of them to upgrade to a subscription-based "premium" one that adds higher quality or better features" (Anderson, 2006, p. 223).

Table 18

Difference in the Customer Base of Brand A and Brand B

Fundamental Difference in the Customer Base	
Brand A	**Brand B**
Industry specific clients. Global	Everyone can be a customer. Global
Elitist "club" mentality.	Remove all obstacles to being a member.

How Does this Difference in the Customer Base Correlate to the Difference in Brand A and Brand B Leadership Direction, Leadership Ethics, and Leadership Greed?

Qualitative analysis

The CEO of Brand A was accustomed to working in a niche market within his industry. His goal was to take that niche and grow the business using the web. He thought that in creating a "go to" website for those in the industry, he could create a community environment for subscribed members and in this way people would want to be members and belong to the "club." This would create buzz and drive traffic to the site. He was aware that what he was creating was not yet on the web and this excited him.

The CEO of Brand B saw the company as global from the day it launched. His goal was to embrace all the B2B members within the industry and develop a new business model that would help their businesses grow exponentially. The more businesses who were members, the more business could be conducted via the site. The CEO of Brand B directed that advertising be used to help monetize the site and that free memberships be encouraged. Happy members could always upgrade was his philosophy.

The CEO of Brand A was more controlling toward his customer base than the CEO of Brand B. This appeared to be because they had different objectives. The CEO of Brand B was more focused on getting lots of world-wide customers and letting them grow the brand and drive advertising.

Some expert advice

Time, distance, and other barriers have been removed with the introduction of e-commerce. **“**What the internet presented was a way to eliminate most of the physical barriers to unlimited selection” (Anderson, 2006, p. 29). Anderson further states:

> Hyperefficient digital economics are leading to new markets and marketplaces. And finally the ability to tap the distributed intelligence of millions of consumers to match people with the stuff that suits them best is leading the rise of all sorts of new recommendations and marketing methods. (Anderson, 2006, p. 57)

Anderson cites the example of Google, “a $20 billion dollar company which has 100 products and gives most of them away for free to consumers around the world and makes money from a few” (Anderson, 2009, Chapter 7).

Table 19

Difference in the Commercial Model of Brand A and Brand B

Fundamental Difference in the Commercial Model	
Brand A	**Brand B**
Business-to-Business	Business-to-Business Business-to-Consumer
Businesses sell their goods and services directly to other businesses.	Companies and people sell, buy, barter, borrow, and exchange their goods and services directly to other companies and people. Companies and people sell their goods and services directly to the public.

How Does this Difference in the Commercial Model Correlate to the Difference in Brand A and Brand B Leadership Direction, Leadership Ethics, and Leadership Greed?

Qualitative analysis

The CEOs of Brand A and Brand B started with the concept of building a B2B company. They could see that the market was opening up and new business models could be created on the web. They were both excited at the prospect and the opportunity to move into commercializing technology.

The CEO of Brand A was anxious and impatient to get the web-based business model up and running. He could see it finished and the profits rolling in. He was not a process person and saw his success as a completion of tasks. Whether he did them himself or not did not matter—as long as they got done. To him it was simply a commercial exchange.

The CEO of Brand B wanted to educate himself about e-commerce and building web-based models. He was aware that his technical staff understood e-commerce and how to create successful web-based business models. He wanted to give his members the best experience possible and keep them coming back. He also realized that his business model opened new opportunities for B2C. He was eager to let his staff lead in this direction and was not afraid to risk doing something new. He set a demanding schedule for development, and he too was anxious to get the site up and running.

Both CEOs were visionaries. The difference was that CEO for Brand A believed he knew what needed to be done to take advantage of the e-commerce opportunity. Brand B CEO wanted to explore the extent of the e-commerce opportunity that his web-based business model afforded his members.

Some expert advice

B2B and B2C commerce on the web is usually customer driven. These are often interactive commercial models where members using the service will return if they enjoy the experience of doing business using the site. Ease of use and smart technology are big factors.

> So creating legendary service starts with an image of what kind of an experience you want your customers to have.… And companies that provide great customer service analyze every *Moment of Truth* they have with customers, whether they are external or internal, and determine how they would like to have that experience played out. (Blanchard et al., 2008, p. 68)

Table 20

Difference in the User Experience of Brand A and Brand B

Fundamental Difference in the User Experience	
Brand A	**Brand B**
Social Networking Environment	Business Community Environment
Messaging system for clients to connect and speak with each other on the site, member forum, home page blog driven by user involvement and discussion, company "spokesperson" drives discussion on latest industry topics.	Members encouraged to send news releases for posting on home page blog/twitter feed which links users back to members' "storefronts." Members can access services to buy, sell, borrow, exchange, and barter with each other. Commerce facilitated amongst and between nine industry portals. Enquiry button links members.

How Does this Difference in the User Experience Correlate to the Difference in Brand A and Brand B Leadership Direction, Leadership Ethics, and Leadership Greed?

Qualitative analysis

CEO for Brand A was intent on building a community of members and, therefore, created an environment for members to interact, engage, discuss, share, and build corporate intelligence. The CEO was intent on having a staff blogger who would initiate daily discussions that centered around the industry.

CEO for Brand B set a different corporate direction. The job of the Brand B website was to get members to do business with each other. All members had something to sell, buy, borrow, or exchange. The web architecture was designed to facilitate this on the site and connect with each other directly.

Both CEOs stayed true to the objectives of their businesses and their business models. The e-commerce systems that manifested in both businesses served to promote the user experience while maximizing e-commerce for members.

Some expert advice

A good user experience will propel a web-based business to success. When Hansson built Basecamp as an internal product he thought, “This is something that it would be selfish to keep to ourselves” (Livingston, 2007, p. 310). So they opened it up for their users and, according to Hansson, this is the result: “We keep getting feedback from customers that say, ‘I love this, it’s just so simple to use. It’s got just the features I need and not all the other stuff’” (Livingston, 2007, p. 311).

Table 21

Difference in Growing the Site of Brand A and Brand B

Fundamental Difference in Growing the Site	
Brand A	**Brand B**
Corporate Responsibility and Corporate Control	Member Responsibility and Collaboration
Company responsible for all changes and growth on the site.	Members are rewarded for suggesting upgrades and improvements to the site; members rewarded for answering questions by other members. Member rewards program in place to encourage members to share responsibility for growth of the site.

How Does this Difference in Growing the Site Correlate to the Difference in Brand A and Brand B Leadership Direction, Leadership Ethics, and Leadership Greed?

Qualitative analysis

The CEO of Brand A determined that it was the company's responsibility to make changes on the site, to have personal customer service and to have corporate control at all levels of the web-based business.

In direct contrast to this approach, the CEO of Brand B believed that the web is a consumer-driven environment. He believed that the membership of Brand B needs to take ownership over the site and be driven to help each other succeed. To this end, the management team developed a rewards program for members to create a built-in encouragement and positive reinforcement mechanism.

The difference in approach between the CEO in Brand A and the CEO in Brand B led to building completely different foundations for growing their businesses.

Some expert advice

The virtual environment in which web-based businesses operate requires innovative, yet direct, ways to engage users to help build and grow the business in ways that suit them and their needs. The best way to find that out is to provide an online mechanism to get feedback and suggestions on an ongoing basis. Blanchard et al., suggest business leaders "become masters of discovering what our customers are thinking" (Blanchard et al., 2008, p. 69).

> After you decide what you want to have happen, it's important to discover any suggestions your customers may have that will improve their experience with your organization. What would make their experience with you better? Ask them! But ask them in a way that stimulates an answer. (Blanchard et al., 2008, p. 69)

Table 22

Difference in the Amenities on the Site of Brand A and Brand B

Fundamental Difference in the Amenities on the Site	
Brand A	**Brand B**
Social networking amenities to encourage community development and participation	Amenities to facilitate commerce, engagement, collaboration, and loyalty
Members encouraged to build an online community. All members have access to video to showcase themselves. Few amenities outside of membership plan. Members pay to advertise on the site.	Various programs to create a commercial hub: video storefront of member goods and services; member storefronts, box office, recycling services. Members can use the rewards program to obtain free advertising on the site.

How Does this Difference in the Amenities on the Site Correlate to the Difference in Brand A and Brand B Leadership Direction, Leadership Ethics, and Leadership Greed?

Qualitative analysis

Members in Brand A have amenities that are specific to the type of membership they have. Individuals have amenities that suit them, corporations have amenities that suit them, and there are a series of amenities that connect the two. The site was designed to broker transactions so the amenities encouraged this activity.

Members in Brand B select the amenities based on one of three membership levels. All members have access to the amenities; however, by participating in the rewards program they can obtain more services. They are designed to encourage engagement and loyalty and further best practices.

CEOs of both Brand A and Brand B ensured that amenities developed on their web-based businesses stemmed from the culture and tone they wanted to create on the site.

Some expert advice

Web-based businesses compete to keep users on their site. In order to do this they need to provide ways in which users can engage. The more engaged they are the longer they are on the site. Building communities or offering amenities on the site can serve to keep members engaged. This is similar to the concept of delivering what the customer wants and upping it to 110 percent—giving them more than they expect.

> Once you have a clear picture of the experience you want your customers to have—an experience that will satisfy them—delight them, and put smiles on their faces—you have to figure out how to get your people excited about delivering that experience *plus* a little more. (Blanchard et al., 2008, p. 73).

Table 23

Difference in the Buy-In and Customer Loyalty of Brand A and Brand B

Fundamental Difference in Buy-In and Customer Loyalty	
Brand A	**Brand B**
No Rewards Program	Rewards Program
Members can access an online service to sell and promote their goods and services to support and complement their traditional business.	Rewards can be earned on the site for making improvements to the site and can be exchanged for amenities and advertising on the site. Members can participate in providing amenities, such as tickets to events. Members can request volunteer assistance from other members and pay it forward. Members are rewarded for exchanging and/or recycling goods.

How Does this Difference in Buy-In and Customer Loyalty Correlate to the Difference in Brand A and Brand B Leadership Direction, Leadership Ethics, and Leadership Greed?

Qualitative analysis

The CEO of Brand A saw the company as an extension of his current business. He did not have the experience or the know-how, so he invited other business partners to join him in the development of the B2B recruitment site. As the subject matter expert, the CEO felt he knew how to establish buy-in and loyalty in the business. He was counting on all his contacts in his current business. He did not consider that e-commerce may have different variables and stiffer competition. He did not see any need to woo customers.

The CEO of Brand B was advised early in the development of the website that he would need to create innovative ways to engage his customers and keep them coming back. He set the team to work on doing just that and they came up with a series of “satellite” amenities to be built in Phase 2, once the core of the business model was built in Phase 1. What the team established was a systemic way of rewarding members for participating in improving the site.

CEOs of Brand A and Brand B knew the importance of customer buy-in and customer loyalty. Their approach varied based on what they thought they knew or did not know.

Some expert advice

In the words of Seth Godin, “Human beings can’t help it; we need to belong. One of the most powerful of our survival mechanisms is to be part of a tribe, to contribute to (and take from) a group of like-minded people” (Godin, 2008, p. 3). Part of the B2B environment is to create an environment that connects their online customers “to one another” (Godin, 2008, p. 126).

The rewards system facilitates and formalizes an easy way for members to help each other, provides positive reinforcement, and keeps them engaged on the site. According to Tom Bunzel, a web-based environment should “permit users to participate and gain value from each other” (Bunzel, 2009, p. 5).

Table 24

Difference in the Customer Service of Brand A and Brand B

Fundamental Difference in the Customer Service	
Brand A	**Brand B**
Client Relations Manager; similar to bricks and mortar model. Call-in service.	Online service support; Members rewarded for answering each other's questions and assisting each other. Minimize call-in service
Client relationship and customer service center. Queries submitted via online help desk, 1-800 number.	Online help service provided by software-as-a-service. Help "ticket" filled out by clients that staff respond to. Emails in—calls out to clients only. Queries are written for all members to see; other members can answer and are rewarded for responding.

How Does this Difference in Customer Service Correlate to the Difference in Brand A and Brand B Leadership Direction, Leadership Ethics, and Leadership Greed?

Qualitative analysis

The CEO for Brand A was concerned about making sure every customer received personal service, similar to how he serviced clients in his traditional business. He would not accept anything less. He determined that since a web-based business would generate many more customers that he would need to set up a call center with a 1-800 number to deal with each query. There was much discussion and debate about this approach.

The Brand B executive team encouraged The CEO of Brand B to integrate as many software-as-a-service tools as possible, including a virtual "help desk" that would encourage members to provide responses and advise each other. It was a method that would take advantage of crowd sourcing by letting the crowd—the members—be the source of the responses.

Some expert advice

Godin writes that “most organizations spend their time marketing to the crowd. Smart organizations assemble the tribe” (Godin, 2008, p. 30). A B2B or B2C business assembles its members and helps them help each other. Gruner, put this concept in practice when he founded Shareholder.com. He says, “one of the things we did early on was try to make as much of the system self-administrative as possible” (Livingston, 2007, p. 441).

Table 25

Difference in the Advisors Model of Brand A and Brand B

Fundamental Difference in the Advisors Model	
Brand A	**Brand B**
Working Advisory Committee members have Profit Sharing Agreement & Terms of Reference	Advisors are common shareholders in the company
Advisors on the board had staff functions and provided staff services. The Working Advisory Committee worked together to build the business model and the web-based business. Meetings were held weekly. They worked to specific Terms and References requiring them to help build and grow the business. They received profit sharing in exchange for their work.	Advisors were selected for their expertise and ability to bring investors to the table. Advisors were shareholders of the company and shared the risk and the reward. Members provided advice on an ongoing basis to the management team. Quarterly shareholder meetings provided a forum for exchange and advice.

How Does this Difference in the Advisors Model Correlate to the Difference in Brand A and Brand B Leadership Direction, Leadership Ethics and Leadership Greed?

Qualitative analysis

The Brand A web-based business was built by committee with the CEO and his partners at the helm. The Working Advisory Committee became the engine behind the development and every step was reviewed, discussed, and approved by the Working Advisory Committee. It was a slow process and everyone had his or her say. The CEO grew impatient with the process, although the committee members were deeply engaged and deeply committed to building the web-based business. For the members, it had become more than fulfilling the Terms of Reference and the profit sharing. It had now become an extension of each of them and they were vested in its success.

The concept and business plan for the Brand B web-based business was designed by the CEO and the President. The CEO chose to seek advisors who could help make the concept a reality and bring their expertise to the table. Once he found the right team he wanted to keep them committed. The advisors became minority shareholders. The CEO wanted their best advice and stalwart support, and they delivered. As shareholders they took sharing the risk and sharing the reward seriously.

The CEOs of Brand A and Brand B both knew they needed advisors to help them achieve success. Their approach varied based on the relationship they wanted to develop with their advisors and to what purpose they were selected.

Some expert advice

Advisors and advisory groups provide a leadership role in web-based businesses. Whether they act as mentors, investors, workers, or partners, advisors share the risk, and contribute to the success or failure of a company. Advising the CEO of a web-based business is even trickier. There is an intrinsic paradox in building any web-based business. “The safer you play your plans for the future, the riskier it actually is. That’s because the world is certainly, definitely, and more than possibly changing” (Godin, 2008, p. 111).

In a virtual B2B or B2C environment, subscribers are quickly attuned to the tone, nature, and intent of an e-commerce site. This makes it ultra important for the leadership, and leadership advice, in a web-based business be one that understands the expectations of its virtual users.

Leaders who set out to give are more productive than leaders who seek to get.

Even more surprising is the fact that the intent of the leader matters. The Tribes can sniff out why someone is asking for their attention. Looking out for number one is an attitude, and it's one that doesn't pay. (Godin, 2008, p. 73)

Table 26

Difference in the Good Will and Greening of the Site of Brand A and Brand B

Fundamental Difference in the Good Will and Greening of the Site	
Brand A	**Brand B**
No good will program. No recycling program.	Pay it forward program. Recycling of goods program.
Focus on brokering matches amongst members.	Members received rewards for posting goods to the Bluebox service online to recycle goods. Members received rewards for helping each other; members received rewards for paying goods deed forward to other members. Special advertising rates for charities and not-for-profit organizations.

How Does this Difference in the Good Will and Greening of the Site Correlate to the Difference in Brand A and Brand B Leadership Direction, Leadership Ethics, and Leadership Greed?

Qualitative analysis

CEO of Brand A did not see the relationship between having a good will program and a web-based business. The concept of "greening the site" was equated to doing business online, since the traditional overhead, including paper, was gone.

CEO of Brand B saw the opportunity to build a green environment using virtual tools. A program for recycling goods and services, bartering, and exchanging became a built-in part of the site with built-in rewards. The concept of pay-it-forward was adapted and systematically applied. The team also requested that not-for-profit organizations received a "charity" discount. The CEO agreed to adopt all the "green" and "good will" ideas generated by the team.

The CEO of Brand A saw business as relating to the bottom line. The CEO of Brand B saw it as a business environment. This contrast manifested itself in creating different user experiences and different amenities on their respective websites.

Some expert advice

How a CEO approaches the building of a start-up from concept to launch makes a difference to the success or failure of the company. Creating a sustainable future for a company, whether it is web-based or traditional, permeates an organization from the top. A CEO needs to know what he or she wants to get out of the company—what it means to him or her. Guy Kawasaki puts it this way:

> Meaning is not about money, power, or prestige. It's not even about creating a fun place to work. Among the meanings of "meaning" are to:
>
> - Make the world a better place
> - Increase the quality of life
> - Right a terrible wrong
> - Prevent the end of something good.
>
> It has taken me twenty years to come to this understanding. Having that desire doesn't guarantee that you'll succeed, but it does mean that if you fail, at least you failed doing something worthwhile. (Kawasaki, 2004, p. 5)

Summary – Preliminary Analysis

When the words and deeds of CEOs are not aligned, then the company they are leading is not aligned in one direction. A fault in the ethical standards of a CEO manifests into an ethical fault in the company. The character of the company is only as good as the character of the CEO. The action research showed that this can create a serious obstacle to success, particularly in a start-up company, when the foundation for future success is laid by the CEO.

The action research has demonstrated that the actions of CEOs do speak louder than words and they can raise a company up or send it crashing to the ground. When creating a web-based company, the ethical standards of CEOs are challenged at five milestones: 1) creating the business plan, 2) monetizing the web-site, 3) acquiring the expertise to build the web-based business and bringing it to market, 4) selecting advisors to help grow the web-based business, 5) partnership arrangement and structuring the ownership and investment shares of the company. Action research showed that the level of greed demonstrated by decisions made and acted on by CEOs at each one of these milestones spoke louder than words to business partners, advisors, and employees.

Experiential observations and qualitative analysis showed that how well CEOs were able to lead new web-based businesses through these five milestones was intimately connected to their ethical standards. To a larger degree, the CEOs' ethical standards are tipped in the direction of their greed, which in combination sets the character and value system for the new business. Experiential observations and qualitative analysis showed that the level of greed CEOs exhibited had direct consequence on the decisions that were made. This interdependent combination of CEO leadership direction, CEO leadership ethics, and CEO leadership greed created the foundation for the new company's internal relationships, customer relationships, external relationships, administrative processes, product development, pricing, brand development, and placement, sales transactions, and overall success. Metaphorically speaking, the CEOs heart became the heart of the new company. This was the starting point.

When the CEOs spoke they represented the companies they led. By the very nature of being in this fiduciary position of trust, they were held to a higher account by partners and employees and ultimately by the public. Action research showed that when CEOs accepted the responsibility and the authority inherent in the position, and acted ethically, others followed where they led without challenge or disruption. Where the CEOs exercised their authority without accepting the responsibility; this form of greed cracked open dysfunction and challenged the ethical standards of partners and employees. Action research showed that this behavior can lead to irreconcilable differences, wherein the CEO abdicated and shut down the company. There is then no way forward and partners, shareholders, and employees then pay the price.

Enron's former Chairman Kenneth Lay's illegal actions belied these words, "Enron deals with absolute integrity. We play by all the rules. We stand by our word. We mean what we say. We say what we mean"(Canadian Broadcast Corporation, 2002). So too, do all CEOs have their integrity and ethics measured by the gap between their words, actions, and deeds. Action research showed that the bigger the gap, the bigger the distrust in the CEO's ability to lead and the more likely he or she was seen as unethical.

When the ethical standards of CEOs were compromised by self-interest and greed—for themselves or the company—the company's leadership direction was compromised. This breach had internal and external reverberations– both the tangible and intangible—the seen and unseen.

Action research has shown that CEOs perform a delicate, intimate dance of leadership direction, leadership ethics, and leadership greed. Benton said it best in, *How to Act Like a CEO*: *Personal Integrity Is the Cost of Entry to this Position.* That's right: "*How* you do your work is more important than *what* your work is."

Chapter 5 will examine the findings of the action research, experiential observations, and qualitative analysis in more detail and provide recommendations for continued research on the complex behavior of CEOs as it relates to the interdependency of leadership direction, leadership ethics, and leadership greed.

CHAPTER 5

SUMMARY, DISCUSSION, AND RECOMMENDATIONS

Summary

The action research over a 32-month period examined the problem statement "Building a web-based business from concept to creation: CEO leadership direction, ethics, and greed," and has shown an intimate correlation between CEO leadership direction, CEO leadership ethics, and CEO leadership greed. This researcher called this dynamic, The Leadership Triad.

In order to engage in the action research, I accepted the position of President in both Brand A and Brand B businesses. Both companies had experienced CEOs who were seasoned executives heading a start-up web-based business. My entrepreneurial experience and my experience with web-based video technology provided the action research opportunity for me to work as President in both companies.

I was also able to analyze the CEO's leadership direction, ethics, and greed in building a business-to-business web-based company from inception to creation. The positions were consecutive with each lasting 16 months. As President, I worked closely with the CEO of each company. The experiential observations and qualitative analysis are supported by documentation including business plans, action plans, minutes of meetings, administrative processes, legal documents, emails, correspondence, telephone meetings, job specifications, and decisions.

Findings showed that five milestones in the development of a web-based business presented as crossroads for CEOs in the success or failure of the company. These milestones were: 1) developing a business plan, 2) monetizing the web-site, 3) building the technical platform for the web-based business and bringing it to market, 4) selecting advisors, and 5) partnership arrangement, structuring and developing the ownership and investor relationships.

At each of these five crossroads, the CEOs exercised their leadership direction, leadership ethics, and leadership greed—to make business decisions that would lead to the success or failure of their company. The action research showed that the failure or success of the start-up was a result of the accumulation of the CEOs' demonstration of leadership direction, ethics, and greed.

The findings are as follows:

1. CEOs set the ethical standard of a company at the start-up stage (*ethics*).
2. CEOs are ambitious for unlimited growth and self-directed to attain it (*greed*).
3. CEOs are task-oriented or strategic thinkers in attaining profit (*direction*).
4. CEOs attach personal success to corporate success (*ethics*).
5. CEOs are either dictatorial or collaborative in setting direction (*direction*).
6. CEOs' ability to work with partners can make or break a start-up (*direction*).
7. CEOs are not always right, even though they may think they are (*ethics*).

8. When CEOs have a choice between two equally right decisions, they often err on the side of greed (*greed*).
9. CEOs' integrity, and the integrity of the company, are measured by the gap between words and actions (*ethics*).
10. CEOs are either ego-centric or customer-centric (*direction*).

The experiential observations and qualitative analysis showed how the CEOs' leadership direction, ethics, and greed contributed directly to the development of web-based business models, pricing models, monetization models, product and market placement, customer relationships, user experiences, administrative processes, company advisors, and capital share structures. It is recommended that more research be done on how these manifestations can be linked directly back to leadership direction, leadership ethics, and leadership greed to complete what may be called the "*observable circle of truth*."

Discussion

The action research provided a wide spectrum of findings for discussion. The experiential observations and qualitative analysis provided insight into the words and actions of the CEOs' leadership direction, leadership ethics, and leadership greed in the creation of a web-based business from concept to creation.

The findings showed that CEOs set the ethical standard of the business at the concept stage and this lays the framework for all that is to follow. In so doing, CEOs are challenged to have their own ethical standards in place before they begin a business.

Findings also showed that the CEOs' personal perception and acceptance of their roles and responsibilities directly affects their words, actions, and decision-making. The

CEOs' understanding of these personal expectations, and the extent to which they accept them, manifest into leadership direction, commitment, and integrity. These in turn affect the integrity of the business and its success or failure.

Findings showed that greed is a chameleon that takes many forms and many shapes and presents as an ongoing challenge to CEOs to make the right decision on behalf of the company, its clients, and society. When all else is equal, greed will most likely trump ethics in the decision-making process. The needle pointed in this direction for Conrad Black. Deep within the to-ing and fro-ing of monies in Black's jumble of companies, lay the truth of Black's needless avarice. It took the likes of experienced lawyer William "Bud" Rogers to discover, among other improprieties, that "Black's private company had received a larger amount than the committee had been led to believe when it signed off on the payments in September: $24.6 million" (McNish & Stewart, 2004, p. 54).

The action research appeared to indicate that CEOs see themselves as having high ethical standards and that they equate this with being "right" and measure all else according to their standard of behavior and ethics. They may go so far as to exalt their view as being above that of their peers. At times, there appears to be a fine line between confidence, arrogance, and hubris. This is best described in the words of Alan Axelrod (2009),

> The first thing a manager must successfully manage is his own ego…. Most leaders have a natural inclination to dominate and mold others. This trait, although common, drives the misdirection of energy and effort. The real goal of leadership is to create the best results possible: higher profits, more efficient

> production, better products, more advanced service—however the success of a particular enterprise may be defined. Set aside ego, and do the job at hand. Fix problems, not people. Rule over the results that are produced, not over the people who produce them. (Axelrod, 2009, p. 72)

According to the findings, CEO leadership greed, when exercised, is often masked, disguised, and difficult to pinpoint until the outcome or consequence reveals the intent. When this happens, a type of epiphany, or "aha moment" takes place for others in the company—some in agreement; some in disagreement. It creates a rift and challenges everyone in the company to self-evaluate and decide if this is what they would like to continue to be a part of. Once this happens there is no going back. What needs to be determined is how to go forward.

CEOs may see themselves as the business—and believe that the business would not exist without them. They psychologically put themselves in the position of ultimate power. In this way, they see the success or failure of the company as their own personal doing, regardless of the work of others around them. From this perspective, they can justify that the reward—money, success, celebrity—rightfully belong to them. By extension, the CEO's personal greed equates to corporate greed and the decisions will follow this paradigm. When these two blend into one, there is no consideration for employee, customer, investor, or societal well-being. The CEO introspection has become too narrow for an external view at this point—as in the case of the quants on Wall Street who created their own cultish exclusive environment—designed to keep everyone else out.

The findings show that CEOs are ambitious and approach the success of their companies from more than one vantage point. Some CEOs are task-oriented and see success as a series of tasks to achieve profit for themselves and the company, such as the CEO in Brand A. It is more a pattern of deductive reasoning: complete the tasks, sell the products, make the money. Other CEOs are strategic thinkers who see success holistically as a concerto with employees, customers, products, and the future—all playing a strategic role in creating profit—and they are the conductors. This is a lateral view wherein success is intrinsically connected to personal, corporate, and societal profit, as well as the overarching good as in the case of the CEO of Brand B.

Findings showed that CEOs who are authoritarian and dictatorial assumed sole responsibility for the success or failure of the enterprise and had the view that all things were to be directed by them because they knew best. This hierarchical view forced creative partners and employees into positions of conflict whenever they needed to be heard or when they wanted to make a recommendation.

Action research showed that CEOs who share leadership responsibilities with partners and the management team are collaborative in their approach and in decision-making. Their orientation is one of listening, reflecting, compromising, and then deciding. They still assume responsibility for the ultimate decision, but use a team approach. This "we" approach encouraged creativity and initiative amongst the management team.

Kouzes and Posner (2002) in their book, *The Leadership Challenge*, point out that,

> Leaders accept and act on the paradox of power: *we become most powerful when we give our own power away.* For example, the late Major General John Stanford told us that, 'we don't get our power from our stars and our bars. We get our power from the people we lead. (Kouzes & Posner, 2002, p. 284)

The collective observations and findings from the action research demonstrate that leadership direction, leadership ethics, and leadership greed are intricately woven together and can be viewed as the Leadership Triad. This dynamic combination can act as a strength or weakness in CEOs. This triumvirate of behavior can contribute to the success or failure of an individual, an organization or a society.

Greed as the motivator for some CEOs is equated with financial success, profit generation, and ambition. For other CEOs, greed is to be directed solely to maximize profits at the expense of all else. Still other CEOs manage greed to drive the business planning process to set goals, and achieve success. In whatever manner greed is perceived, used, and exhibited by the CEO when leading a business, it has a direct link to the company's success or failure. It is an inextricable part of the leadership triad of characteristics that needs to be managed responsibly by CEOs.

Since 2002, with the Enron scandal, the exposé of corporate greed has put society on notice. The relationship between CEOs and customers is tenuous at best and distrustful at worst. The ethical standards of CEOs are under constant scrutiny by the public; the finger of corporate greed is pointed at CEOs; and the leadership direction of corporations, society, and government is questionable. This may be a turning point in history, where these things collide into a corporate crossroad. In the United States, "the gap between the wealthiest and the poorest in America has become greater than at any time since Imperial plutocratic Rome" (Edney, 2005, p. 4).

The path that is taken will most probably be decided by individual CEOs who will have to choose between their own self-interest and the greater good. The outcome is yet to be determined; however, people around the world will be part of the externalities of these corporate decisions.

Perhaps this is best said by Aristotle, the person who introduced the word ethos to the world, who wrote,

> For even if the end is the same for a single man and for a state, that of the state seems at all events something greater and more complete whether to attain or to preserve; though it is worth while to attain the end merely for one man, it is finer and more godlike to attain it for a nation or for city-states. (Ross, 2008, Book 1, Chapter 2, p. 1)

Recommendations

CEOs and leaders can choose to be servants of their own greed and own self-interest, such as the quants; or they can choose to be servants of the corporate good to drive the bottom line, such as Ray Anderson, CEO of Interface; or they can be servants of Aristotle's "chief good" or what President Barack Obama calls the "common good." *The point being that leaders must choose what they will serve and how they will serve, meaning by which ethical standards will they serve.* When CEOs and leaders make these choices they are also choosing what they want for themselves and others; what they will follow and what they prescribe for others to follow; and in so doing predetermine the outcome for themselves and for others. The following are recommendations for areas of further study and research:

1. It is recommended that researchers pursue the concept of what may be called, "CEO greedwashing," meaning excusing all CEO behavior that is motivated by greed, regardless of the societal consequences, as long as it creates personal and corporate wealth. Researchers are encouraged to look at the "excuses" that are made, and why, and what the economy and society would be like with a "no excuses" policy.
2. Further study is recommended on determining the "tipping point" for CEOs when they are faced with making an ethical decision that has more than one right answer. The action research pointed to greed as the determining factor in these situations. A more clinical study on this tipping point is recommended.
3. More research is encouraged on the acceptance of CEOs using externalities as a process to pay for their mistakes as corporate leaders. Customers, and taxpayers, are caught in a quagmire that they have no control over and have not consented to, which directly affects their personal health, well-being, and finances.
4. More research on the deeper and broader meaning of greed is encouraged. Current literature focuses on greed as "wanting more" and acting on this "instinct" or "urge." It is recommended that greed be perceived as the ability of the individual to create one's own desires of the heart, whatever that may be, and to take action to satisfy oneself directly, by whatever means. This would change how greed is perceived and accepted. For instance, someone

may have the desire to physically hurt another to satisfy oneself, and is compelled to do it. What makes this different than the person who desires more money and attains it at the expense of another? Are there parameters around what one can desire; and the means by which to satisfy the desire? This research could alter the current economic theories as they pertain to greed.

5. Greed is perceived as the ultimate motivator, innate to every human being. Research is recommended on what other motivators are of equal significance—such as "*love*"—that may provide an alternative motivator of equal importance in decision-making for CEOs. This concept is similar to the "fight or flight" theory which offers a choice of motivator in a situation.
6. More research into "ethical fading" as the process by which CEOs can "misremember" their unethical decisions and give themselves a more favorable remembrance of the situation; and in turn, can speak about it to others in the "misremembered" light and call it right. More study into how this process allows CEOs to make unethical decisions and then justify them publicly is recommended.
7. More study is recommended on evolving the theory of ethics and ethical decision-making to move beyond right and wrong, good and bad to include four quadrants: 1) right and wrong, 2) good and bad, 3) just and unjust, 4) wise and unwise. It is recommended that decision-making of CEOs be tested with and without using this quadrant to see if there is a difference in the decisions that are made.

8. Further exploration of the possibility of Aristotle's *Magnificent Man* whom he described as having "pure motives of the heart to do solely good with wealth" yet queries whether any such person exists. Is it possible for CEOs to have pure motives of the heart and what does that mean? Is this a realistic expectation of our CEOs and if not, what is in its place?
9. CEOs use money to seek honor and virtue as the highest attainable goals both personally and for the corporations they lead. The relationship is bilateral—money equals honor and virtue. Conversely, more research needs to be done on why poor people, who are not in a leadership position, are generally viewed as dishonorable and lacking in virtue. There seems to be a disconnect here, as research shows that persons in possession of a leadership position and money cannot be ascribed to being honorable or virtuous. It also appears that no amount of money can buy honor or virtue for the individual CEO or the company. These must be acquired another way; so then, do these same principles not apply to the poor who are not leaders?

REFERENCES

Anderson, C. (2006). *The new economics of culture and commerce: The long tail: Why the future of business is selling less of more.* New York: Hyperion.

Anderson, C. (2009) *Free: The future of a radical price*. [Audio Book]. Retrieved from http://www.learnoutloud.com/Free-Audio-Video/Technology/Internet/Free-The-Future-of-a-Radical-Price/31326

Axelrod, A. (2009). *Winston Churchill CEO: 25 lessons for bold business leaders.* NewYork: Sterling Publishing.

Big Picture Media Corporation MMIII (Producer). (2005). *The corporation. 2 disc special edition* [DVD]. Distributed by Mongrel Media, www.mongrelmedia.com

Blanchard, K., Hutson, D., & Willis, E. (2008). *The one minute entrepreneur*. New York: Doubleday Broadway Publishing.

Blitz, H. (2007, November 14). Greed and ethics go hand in hand. *Freedom's Phoenix-Global Edition.* Retrieved from http://www.freedomsphoenix.com/Opinion/026629-2007-11-13-greed-and-ethics-go-hand-in-hand.htm?EdNo=001&From=

Buchanan, M. (2009, March 23). Why money messes with your mind. *New Scientist*, 2700. Retrieved from http://www.newscientist.com/article/mg20127001.200-why-money-messes-with-your-mind.html

Bunzel, T. (2009). *The best of both worlds: How to effectively leverage social media relationships with real-time collaboration tools.* [ebook]. Retrieved from http://www.professorppt.com/

Cable News Network (Producer). (2010, November 12). Larry King Live with guest Michael Moore. [Television Talk Show]. Transcript retrieved from http://archives.cnn.com/TRANSCRIPTS/1011/12/lkl.01.html

Callahan, D. (2006, December 6). *The cheating culture.*[Presentation to the Ethics Centre, Canada]. Retrieved from http://www.ethicscentre.ca/EN/events /The_Cheating_Culture_David_Callahan.pdf

Canadian Broadcast Corporation, The National (Producer). (2002). *Emperors of avarice: Corporate greed* [DVD]. Available from CBC Learning, cbclearning@cbc.ca

Canadian Broadcasting Corporation (Producer). (2003). *Life and times of Pope John Paul II the Holy Father, 3-part documentary: Life story: The pope and his role in the fall of communism: A critical perspective* [DVD]. Available from Imavision, http://www.imavision.com/en/

Casey, S., & King, G. (Eds.). (2010). *Words that matter: Everyday truths to guide and inspire you.* New York: HarperCollins.

CBC Doc Zone Series (Producer). (2010). *Meltdown: The secret history of the global financial collapse. Part 1: The men who crashed the world; Part 2, A global tsunami; Part 3, Paying the price; Part 4, After the fall.* [Documentary]. Available from http://www.cbc.ca/doczone/meltdown/

CBC News. (2010, September 29). *Europeans protest austerity measures.* Retrieved from http://www.cbc.ca/world/story/2010/09/29/europe-austerity-protest.html

Chaffey, D., & Smith, P.R. (2008). *eMarketing eXcellence: Planning and optimizing your digital excellence* (3rd ed.).Maryland Heights, Missouri: Butterworth-Heinemann.

Choate, P. (2009). *Saving capitalism: Keeping America strong.* New York: Vintage Books.

Christian Equippers International. (n.d.). *Roman Catholicism: Papal decrees*. Retrieved from http://www.biblicist.org/bible/catholic.shtml

Collins, J. (2009). *How the mighty fall: And why some companies never give in.* New York: HaperCollins

Cunningham, D. (2006, May 29). Greed trumps ethics in recent business deals. *TimesHerald-Record.* Retrieved from http://archive.recordonline.com/archive/2006/05/29/news-dougmond-05-29.html

Digital TV Weblog (2006, September 18). Online video statistics. [Web log]. Retrieved from http://www.digitaltv-weblog.com/50226711/online_video_statistics.php

Edney, J. (2002). *Greed.*[Essay]. Retrieved from http://www.g-r-e-e-d.com/

Edney, J. (2005). *Greed II: Is exploitation wrong?* [Essay]. Retrieved from http://www.g-r-e-e-d.com/

Edney, J. (2007). *Greed III: Jeopardy.* [Essay].Retrieved from http://www.g-r-e-e-d.com/

Eley, B., & Tilley, S. (2009). *Online marketing inside out*. Victoria, Australia: SitePoint Pty.

eMarketer. (2010, October).*Optimizing the e-commerce experience: Trends for 2011*.eMarketer, Inc. Retrieved from http://www.atg.com/resource-library/eMarketer-Optimizing-the-e-commerce-Experience.pdf

Friedman, M. (2007, July 14). Milton Friedman – Greed [Video file]. Interview with Phil Donahue. Retrieved fromhttp://www.youtube.com/watch?v=RWsx1X8PV_A

Friedman, T. L. (2009). *Hot, flat, and crowded: Why we need a green revolution –And how it can renew America.* Vancouver: Douglas & McIntyre.

George, Abraham M. (1997, August). *In search of ethical professional conduct.* The George Foundation. Retrieved from http://www.tgfworld.org/critical-search.htm

George S. May International Company. (2004–2006). *Guidelines for ethical business operations.* Retrieved from http://ethics.georgesmay.com/ethics_guidelines.htm

Gentile, M. C. (2010). *Giving voice to values: How to speak your mind when you know what's right.* New Haven and London: Yale University Press.

Gilroy, T. (2006, February 11). *Michael Clayton*. Final shooting script retrieved fromhttp://www.docstoc.com/docs/downloadDoc.aspx?doc_id=56965380

Gino, F., Moore, D. A. & Bazerman, M. H. (2008). See no evil: When we overlook other people's unethical behavior. Tepper Business School, Carnegie Mellon University, Graduate School of Business Administration, Harvard University [Working papers for comment and discussion].

Gladwell, M. (2002). *The tipping point: How little things can make a big difference.* New York: Back Bay Books/Little, Brown and Company, Time Warner Book Group.

Gladwell, M. (2005). *Blink: The power of thinking without thinking.* New York: Little, Brown and Company, Time Warner Book Group.

Global Oneness. (n.d.). *Management Encyclopedia.* Retrieved from http://www.experiencefestival.com/a/Management/id/1941245

Godin, S. (2008). *Tribes: We need you to lead us.* New York: Penguin Group.

Gottry, S. (2005). *Common sense business: Starting, operating and growing your small business – in any economy!* New York: HarperCollins.

Greenaway, R. (n.d.). *Experiential Learning Cycles.* International Consortium for Experiential Learning. Retrieved from http://reviewing.co.uk/research/learning.cycles.htm

Haller, H. E. (2009, August 24). *Failed corporate leadership – Lessons in corporate greed.* Ezine articles. Retrieved from http://ezinearticles.com/?Failed-Corporate-Leadership---Lessons-in-Corporate-Greed&id=2815160

Hanna, B. (n.d). Small business leaders prefer 'passive' social media, Report [Web log post]. Online Media Daily.Retrieved from http://www.mediapost.com/publications/?fa=Articles.showArticle&art_aid=120635

Harden, L. & Heyman, B. (2009). *Digital engagement: Internet marketing that captures customers and builds loyalty*. New York: AMACOM Books.

Harper, S. C. (1991). *McGraw-Hill guide to starting your own business: A step-by-step blueprint for the first-time entrepreneur.* New York: McGraw Hill.

Hartman, L. P., & DesJardins J. (2011). *Business ethics: Decision-making for personal integrity & social responsibility.* New York: The McGraw-Hill Companies.

Heilemann, J., & Halperin, M. (2010).*Game change*, *Obama and the Clintons,McCain and Palin, and the race of a lifetime,* New York: HarperCollins.

Internet Encyclopedia of Philosophy (Ed.). (2005, October 21). *Aristotle (384–322* BCE) [Peer reviewed academic resource]. Retrieved from http://www.iep.utm.edu/aristotl/

Karch, M. (n.d). Monetize. Retrieved from http://google.about.com/od/m/g/monetizedef.htm

Kats, R. (2010, August 4). *Mobile data, video usage on the rise: research*. Retrieved from http://www.mobilemarketer.com/cms/resources/news-briefs/6991.print

Kawasaki, G. (2004). *The art of the start: The time-tested, battle-hardened guide for anyone starting anything.* New York: The Penguin Group.

Kouzes, J. M. & Posner, B. Z. (2002). *Leadership the challenge.* San Francisco: Jossey Bass.

Kramers, K. W. (2010, November 25). *CEO tools for every manager*. [Presentation] Toronto: CEO Global Network.

Krames, J. A. (2003). *What the best CEOs know: 7 exceptional leaders and their lessons for transforming any business.* New York: McGraw-Hill.

Kurtz, H. (2000). *The fortune tellers: Inside Wall Street's game of money, media, and manipulation.* New York: The Free Press, Simon & Schuster.

Kurtzman, J., & Rifkin, G. (2005). *Startups that work: The 10 critical factors that will make or break a new company.* New York: The Penguin Group.

Lajolo, H. E. (2007). *Lecture at Sophia University*, Tokio [Tokyo]. Retrieved from http://www.vaticanstate.va/EN/State_and_Government/Structure_ Governorate/Presidency/President/2007/10_May_2007--p--1.htm

Laverty, S. (2010, January 14). Definition of e-business enterprise. Retrieved from http://www.ehow.com/facts_5869739_definition-e_business-enterprise.html

Lennick, D., & Kiel, F. (2008). *Moral intelligence: Enhancing business performance &leadership success.* New Jersey: Wharton School Publishing.

Livingston, J. (2007). *Founders at work: Stories of startups' early days*. New York: Springer-Verlag New York.

Lovins A. B, Lovins, L. H., & Hawken, P. (1999, May–June).A road map for natural capitalism. (Reprint 99309). *Harvard Business Review,* 146-158. Retrieved from http://salient.nohomepress.org/wp-content/uploads/2008/03/hbr-rminatcap.pdf

MacGregor Burns, J. (1978). *Leadership.* New York: Harper & Row.

Marler, B. (2008, July 22). *Food safety in the United States – A letter to Congress.* Retrieved from: http://www.marlerblog.com/lawyer-oped/food-safety-in-the-united-states---a-letter-to-congress/

Martin, M. (2010, November 10). The planet in the room. *MediaPost Publications.* Retrieved from http://www.mediapost.com/publications/?fa=Articles.show Article&art_aid=139263

Masterson, M. (2008). *Ready, fire, aim: Zero to $100 million in no time flat.* New Jersey: John Wiley & Sons.

Matthews, J., Dennis, J., & Economy P. (2003). *Lessons from the edge: Survival skills for starting and growing a company.* New York: Oxford University Press.

McClearn, M. (2007, December 11). The Black trial: Lessons learned. *Canadian Business Online.* Retrieved from http://www.canadianbusiness.com/managing/strategy/article.jsp?content=20071211_115916_4692

McCoy, B. H. (2011) The parable of the sadhu, In Hartman L. P., & DesJardins J., ed., *Business Ethics, Decision Making for Personal Integrity & Social Responsibility*, 2nd ed. (pp. 67–73). New York: McGraw-Hill Irwin.

McNish, J., & Stewart, S. (2004). *The fall of Conrad Black.* New York: The Overlook Press.

McQuown, J. H. (2002). *Inc. yourself: How to profit by setting up your own corporation.* New Jersey: The Career Press.

Miniwatts Marketing Group. (2010). *Internet usage statistics. The Internet big picture.* Internet World Stats. Usage and Population Statistics. Retrieved from http://www.internetworldstats.com/stats.htm

Mintzberg H., Simons, R., & Basu, K. (2002, Fall). Beyond selfishness, (Vol. 44, No. 1, reprint number 4417) *MIT Sloan Management Review.*

MMIV Discovery Communications Inc., Feature Docs (Producer). (2005). *Decisions that shook the world* [DVD]. Distributed by Anchor Bay Entertainment, Inc. www.anchorbayentertainment.com

Monetizationreport.com. (n.d.). *Monetization report, Definition of monetization.* Retrieved from http://monetizationreport.com/definition-of-monetization/

Moore, M. (Producer). (2009).*Capitalism: A love story* [DVD]. Overture Films.

Moss, M. (2009, October 3). The burger that shattered her life. *New York Times.* Retrieved from http://www.nytimes.com/2009/10/04/health/04meat.html

Mydans, S. (2009, May 6). Recalculating happiness in a Himalayan kingdom. *The NewYork Times, Thimphu Journal*. Retrieved from http://www.nytimes.com /2009/05/07/world/asia/07bhutan.html?_r=2&ref=world

Neilson Norman Group. (2007). *User experience – Our definition.* Retrieved from http://www.nngroup.com/about/userexperience.html.

Obama, B. (2008, January 9). Barack Obama: Yes we can [Video file]. Retrieved from http://www.youtube.com/watch?v=Fe751kMBwms

Office of College Relations at Oakton Community College, (1999). *The fundamental values of academic integrity*. Des Plaines, Illinois: The Center for Academic Integrity, Duke University.

Patterson, S. (2010). *The quants*. New York: Crown Publishing, Random House.

Pinson, L., & Jinnett, J. (2000). *Steps to small business start-up: Everything you need to know to turn your idea into a successful business* (4th ed.). Chicago: Dearborn.

P. J. Productions (Producer). (2005). *Peter Jennings collection: Six primetime investigative documentaries* [DVD]. Available from Anchor Bay Entertainment, http://www.anchorbayentertainment.com/abe.asp

Poitier, S. (2000). *The measure of a man: A spiritual autobiography.* New York: HarperCollins.

Purrington, L. (2010). What is action research. Center for Collaborative Action Research. Pepperdine University. Retrieved from http://ccar.wikispaces.com/ Action+Research

Rivlin, A. M. (2003, March 16). *Greed, ethics and public policy.* [The Eliot Richardson Lecture]. Presentation to American Society for Public Administration. Retrieved from http://www.brookings.edu/views/speeches/rivlin/20030316.pdf

Ross. W.D. (Trans) (2008). *Aristotle: Nicomachean ethics.* Constitution Society. Retrieved from http://www.constitution.org/ari/ethic_01.htm

Ross, W. D. (Trans.) (1994–2009). *Nicomachean ethics by Aristotle, Books I-X.* The Internet Classics Archive by Daniel C. Stevenson, Web Atomics. Retrieved from http://classics.mit.edu/Aristotle/nicomachaen.html

SearchCIO.com. (n.d.). B2B (business2business or business-to-business). Retrieved from http://searchcio.techtarget.com/definition/B2B

Segal, H. (1997). *Beyond greed: A traditional conservative CONFRONTS neoconservative excess.* Toronto: Stoddart.

Smith, A. (2008). *An inquiry into the nature and causes of the wealth of nations: A selected edition.* Oxford, UK: Oxford University Press.

Sobel, H. D. (2002, March 1). Ethics versus greed. *International Journal of Cosmetic Surgery and Aesthetic Dermatology,*4(1), 1 doi:10:10.1089/153082002320007403.

Tapscott, D. (2009). *Grown up digital.* New York: McGraw-Hill.

Tapscott, D., & Williams, A. D. (2006). *Wikinomics: How mass collaboration changes everything.* New York: Penguin Group.

TEDGlobal. (2009, March). *John Wooden on true success.* [Video file] Retrieved from _ http://www.ted.com/talks/john_wooden on_the_difference_between_winning_and_success.html

TED Talks. (2009, March). *Dan Ariely on our buggy moral code*.[Video file]. Retrieved from http:www.ted.com/speakers/dan_ariely.html

Tenbrunsel, A. E., Diekmann, K. A., Wade-Benzoni, K. A., & Bazermann, M. H. (2007, 2009). *The ethical mirage: A temporal explanation as to why we aren't as ethical as we think we are: A contextual explanation.* University of Notre Dame, University of Utah, Duke University, Harvard Business School.[Working Paper]. Retrieved from Harvard Business School http://www.hbs.edu/research/pdf/08-012.pdf

The Associated Press. (2010, November 25). Ireland unveils austerity plan aimed at bailout. *Metro News, Toronto Edition*, p. 28.

US Department of Justice. (2010–2011) *Today's FBI. Fidelity bravery integrity: Facts and figures.* Washington, DC: Federal Bureau of Investigation.

US Web Corporation, & Bruner, R. E. (1998). *Net results: Web marketing that works.* Indianapolis: Hayden Books.

Von Drehle, D. (2010, November 10). The party crashers: How a new breed of Republican candidates tapped into voter rage and upset the establishment. *Time Magazine Special Election Preview Edition,* pp. 38-46. Retrieved from http://www.time.com/time/politics/article/0,8599,2027959,00.html

Walk, K. (1998). How to write a comparative analysis.Writing Center at Harvard University. Retrieved from http://www.fas.harvard.edu/~wricntr/documents /CompAnalysis.html

Weber, L. (2007). *Marketing to the social web: How digital customer communities buildyour business.* Hoboken: John Wiley & Sons.

Webopedia.com. (2011). *SaaS - Software as a service, storage as a service.* Retrieved from http://www.webopedia.com/TERM/S/SaaS.html.

WordIQ.com. (n.d.). *Qualitative analysis – Definition*. Retrieved from http://www.wordiq.com/definition/Qualitative_analysis

Wordnetweb. (n.d.). Chief Executive Officer. Retrieved from http://wordnetweb.princeton.edu/perl/webwn?s=Chief+Executive+Officer&sub=Search+WordNet&o2=&o0=1&o7=&o5=&o1=1&o6=&o4=&o3=&h=

BIOGRAPHICAL SKETCH

Lucy La Grassa is the Managing Partner of Formidable Technologies Inc., which distributes leading-edge software-as-a-service technologies. The cloud computing software includes *FORscene* for film, television, and digital media; and *ghgTrack*™ for carbon tracking, sustainability, management, and reporting.

She was a partner in La Grassa Chin-Loy Communications, a public relations firm that specialized in diversity and the new global marketplace. Her firm launched the renowned Innoversity Creative Summit which changed the face of film and television.

Ms. La Grassa was the founder of The Prism Awards and publisher of The Kids Netword, the only publishing house in the world that trained young children ages 7–14 to become professional writers. Her work with schools across Canada was documented by Adrienne Clarkson, CBC. The Kids Netword book, *Siad of Somalia*, by The Prism Award winner, Harvey Smith was commissioned by the Department of National Defence to launch Peacekeeping Day in Canada. Olympic stories written by participants of The Prism Awards were used to launch the CBC coverage of the Olympics in Nagano, Japan.

Other programs designed by Ms. La Grassa include *Our Sacred Trust* program, designed at the request of the then Grand Chief of the Assembly of First Nations to source and train their next generation of leaders; *The Victory Program* commissioned by the Institute for the Prevention of Child Abuse as a communication tool for disclosure;

The Deaf Illustrators Awards, and *The Deaf Literature Awards* (now the Ladder Awards), designed with the assistance of the Ontario College of Art and Design.

Ms. La Grassa was a speech writer, public relations officer, communications advisor, and Assistant Director of Communications in the Ontario government. She was also among a number of senior women recruited to launch the Ontario Women's Directorate as a catalyst for change on over 70 major social, economic, and justice issues for which she did qualitative and quantitative media analysis. Ms. La Grassa was also part of the award-winning, "Break the Silence" campaign; the lead in the "Life is Precious" campaign, and as a consultant, she designed the "No Excuses" campaign for the Ontario Premier to launch mandatory child support payments.

Ms. La Grassa has worked extensively as a trainer in government specializing in Issues Management and Writing Business Cases. She set the standard in the Ontario government for Writing Briefing Notes and teaching civil servants to communicate to the public, stakeholders, and client groups and to account for their decision-making.

Lucy La Grassa is an accomplished and published poet who has won a number of international awards. She is a graduate in Journalism from Ryerson University and worked as a reporter for Radio Canada International. She has a double masters degree in Organizational Development (Leadership) and Transformational Education. Ms. La Grassa was formerly a Mentor in the Mentorship Program at the University of Toronto. She was Vice-President of Government Relations and Vice-President of Professional Development for the Association of Independent Consultants. She is currently a member of the Women Presidents' Organization and an honorary member of Canadian Women in Communications.

APPENDIX A

BRAND A
BUSINESS PLANNING TIMELINE AND BUSINESS PLAN STRUCTURE

Timeline for Business Planning Process

Start-up November 2007—February 2009—never completed

Business Plan Structure

Table of Contents
Executive summary
- Who we are
- What we do
- Planning for success
- Our vision
- Our values
- Our mission

Our goals 2009-2010
- Revenue
- Profit

Client Satisfaction
Competitive Distinction
Strategic Marketing
Commitments
Our annual objectives
Our management team and structure
Our organization and structure
Our legal structure and key shareholders
Our key partners
Our working advisory committee and key advisors
Financial forecasts
- Key assumptions
- Profit-and-loss forecast
- Cash-flow forecast
- Balance-sheet forecast
- Break-even analysis
- Key performance ratios/indicators

Funding required
- Purpose of funding
- Level, timing, and type of funding required
- Payback deal being offered

Market and competitors
- Market trends and projections
- Sales forecast

- Proposed customers/clients
- Competitor analysis

Competitive business strategy

- 'PEST' environmental analysis
- 'SWOT' option analysis
- Contingency planning
- 'Go-to-market' and branding strategy
- 'Price-promotion-place' strategy
- Distribution channels

Services and products

- Description
- Features, benefits and differentiation
- Comparison with competitors
- Guarantees and warrantees
- Trademarks
- New products

Product and service supply

- Service-provision process(es)
- Facilities, equipment and material
- Capacity planning
- Quality-control process and procedures
- Service providers and suppliers

People

- People requirements
- Recruiting and retention
- Insurance

Business controls

- Financial controls
- Other business controls

Appendix A: Annual Business Objectives 2009/2010

Appendix B: Management Team Curriculum Vitae

Appendix C: Corporate Organization Structure

Appendix D: Detailed Financial Forecasts

Appendix E: Detailed Market Research and Analysis

Appendix F: Annual Budget—2009

APPENDIX B

BRAND B
BUSINESS PLANNING TIMELINE AND BUSINESS PLAN STRUCTURE

Timeline for Business Planning Process

August 1, 2009—November 8, 2009—completed

Business Plan Structure

Table of Contents
Executive Summary
Vision
Mission
- Goal
- Objectives

Business Model
- Sample Wireframes
- Services, Products and Their Features
- Membership Model
- Membership Pricing Model
- Rewards Program and Amenities

Implementation Plan
- Phase 1
- Phase 2
- Phase 3

Timelines – Phases 1, 2 and 3
Internal Beta Testing (date)
Live Launch (date)
eMarketing and Social Networking
Brand B Site Map—Phases 1 and 2
Brand B Site Map—Phase 1 Only
Brand B Competitive Analysis
- What makes us Different—Provides a Competitive Advantage
- What makes us the Same—Puts us on the Radar
- Why Businesses and Persons needs Brand B
- Current Global Brand B Niche Websites

Advertising Rates
- Advertising Packages

Brand B Financial Plan
- Start-up Investment
- Revenue Projections
- Projected Cost of Doing Business
- Direct Cost Per Member

APPENDIX C

JOB SPECIFICATION FOR EMARKETING AND SOCIAL NETWORK PROJECT MANAGER POSITION FOR BRAND B

The emarketing and Social Network Project Manager is a “job sharing” position. Two part-time emarketing and Social Networking specialists will work together to create a dynamic and innovative viral thread about Brand B around the world. The emarketing and Social Networking will drive traffic to the site, create excitement and generate buzz within the global Arts and Entertainment industry and beyond.

Coordination and management of social network marketing efforts:

- Set up accounts with relevant sites under Brand B name
- Maintain accounts: add content, update status, respond to enquiries, etc.
- Analyze effectiveness of various social networking sites to determine whether or not they generate worthwhile exposure for Brand B and drive relevant traffic to the service
- Push campaigns through social networking channels
- Highlight individual Brand B members and events on social networking sites when and where required
- Re-evaluate the online marketing strategy quarterly/yearly to locate the next ‘innovator’ social networking applications

Coordination and management of Affiliate emarketing efforts:

- Contact industry associations, publications, websites and blogs in order to set up contra partnership agreements where Brand B is promoted to partner members/subscribers/readers in exchange for visibility via Brand B
- Avenues of promotion through partners could include email blasts, newsletter features, press release or featured article on website, banner advertising, etc.

Coordination and Management of Email campaigns:

- Send regular email campaigns to external contacts (affiliate databases or rented databases) to create awareness of and interest in Brand B
- Send a monthly newsletter to Brand B members featuring top industry news stories, highlights of activity in the Brand B community and listings of additional or new features available on Brand B

APPENDIX D

JOB SPECIFICATION FOR MEMBERSHIP SALES AND
ADVERTISING REPRESENTATIVE
POSITION FOR BRAND B

The Membership Sales and Advertising Representative sells and manages membership and advertising programs. The Representative is required to work independently and as part of a team. Must have strong communication, interpersonal, organizational and sales skills. Must be computer literate and understand web 2.0 web-based business models. The role and responsibilities include:

Membership Sales Representation responsibilities include:

- Selling Apartment, villa, Mansion and Estate Memberships, and any other amenities on Brand B website to potential clients.
- Understanding the web-based business model, its features and member packages
- Prepare and produce web, print , audio and video Sales and Promotions packages for clients in the arts and entertainment industry including: sales pitches, video promos, demo videos, leave-behind materials, web copy, and other materials as required.
- Client liaison, on-going membership sales support, attending events, doing presentations and demonstrations of Brand B's programs, services and features
- Maintaining a strategic Roadmap setting direction and projections for increasing membership sales; developing and fulfilling an Action Plan to increase memberships; maintaining records of Membership Calls and Membership Sales; do weekly Sales Reports
- Weekly meeting with Senior Management
- Answer web-based "ticket" questions, telephone calls, email and other queries about Brand B programs, memberships and initiatives.

Advertising Sales and Representation responsibilities include:

- Selling advertising on Brand B to current members and clients
- Initiating advertising sales calls and meetings
- Assisting in creating, maintaining and providing continuous improvement for the web-based advertising packages for sale on Brand B
- Understanding and applying the principles of web-based advertising
- Understanding, presenting and demonstrating the Advertising sales packages available for Brand B
- Producing print, video and audio promotional materials to generate advertising sales
- Maintaining a strategic Roadmap setting direction and projections for increasing advertising sales; developing and fulfilling an Action Plan to increase advertising sales; maintaining records of Advertising Sales Calls and Advertising Sales

- Doing weekly Advertising Sales Reports and attending weekly sales meetings with Senior Management
- Client liaison to ensure client satisfaction with ad placement; generate and track feedback to share with senior management to ensure continuous improvement

APPENDIX E

ACTION PLAN TEMPLATE FOR BRAND A AND
BASECAMP STRUCTURE FOR BRAND B

Brand A
Action Plan
Specific Date of Action Plan Update Meeting

No.	Action	By Whom	Timeline	Status/Update
1.	Identifies specific Action	Who is assigned this responsibility	What is the timeframe or deadline for completion	What is the status of the work; progress against identified benchmarks; variables to be considered.
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				

Brand B used interactive Action Plan Structure on Basecamp Software-as-a-Service

Each member of the team was responsible for tracking and notifying all other team members of activities and updates. The structure was as follows:

- Milestones—Project Management
- To Do’s—each activity and deadline
- Messages—discussion threads
- Reminders—automated

APPENDIX F

MINUTES OF MEETING TEMPLATE FOR BRAND A AND BRAND B

Company Name

Date:
Participants:
Guest(s):
Regrets:
Minutes:
Location:

Current Date to Launch Date

AGENDA ITEM	DISCUSSION	DECISIONS	ACTION REQUIRED	WHO/TIMELINE
All items listed	Record of all discussion	Record of all decisions	Listing of all activities that needed to be done to accomplish action in full	Assignment of who was to do which action and by when

APPENDIX G

e-SUBSCRIPTION RESOURCES

Ad Age Digital [Alerts]. Received from adage_digital@e.ccialerts.com

Ad Age Mediaworks [Alerts]. Received from adage_mediaworks@e.ccialerts.com

BusinessWeek's CEO Guide to Technology [eNewsletter]. Received from newsletters@newsletters.businessweek.com

BusinessWeek's Innovation Insider [eNewsletter]. Received from newsletters@newsletters.businessweek.com

BusinessWeek's Technology Insider [eNewsletter]. Received from businessweek@newsletters.businessweek.com

Broadcast Engineering Beyond the Headlines [eNewsletter]. Received from broadcastengineering@pbinews.com

Canadian Society of Value Analysis [Updates]. Sent from info@scav-csva.org

Digital Buzz Blog. [Web log]. Subscribed to http://www.digitalbuzzblog.com/

Diversity Inc. [eNewsletter]. Received from newsletter@DiversityInc.com

eMarketer [eNews]. Sent from www.emarketer.com

eMarketing Association [eNews]. Sent from www.emarketingassociation.com

Joel, M. [Web log]. Six pixels of separation – the blog. Subscribed to http://www.twistimage.com/blog/

Financial Times [eMonthly newsletter]. Sent from ft.com@us.update.ft.com

Media Post Publications [eNews and e-articles]. Sent from news@mediapost.com

SAGE News [e-Updates]. Sent from announcements@updates.sagepub.com

APPENDIX H

WEBSITE RESOURCES

12 Manage, The Executive Fast Track [Website]. Accessed from http://12manage.com/

Business Ethics Network [Website]. Accessed from http://businessethicsnetwork.org/article.php?list=type&type=176

Business Ethics, The Magazine of Corporate Responsibility [Website]. Accessed from http://business-ethics.com/

Business Spirit Journal On-Line [Website]. Accessed from http://www.bizspirit.com/bsj/archive/index.html

Canadian Business Ethics Research Network [Website]. Accessed from http://www.cbern.ca/

Canadian Centre for Ethics and Corporate Policy, also known as EthicsCentre.ca [Website]. Accessed from http://www.ethicscenorg/tre.ca/EN/index.cfm

Center for Collaborative Action Research, Pepperdine University, Graduate School, Education and Psychology [Website]. Accessed from http://cadres.pepperdine.edu/ccar/projects.community.html

Center for Creative Leadership [Website]. Accessed from http://www.ccl.org/leadership/about/index.aspx

Center for Managing Change [Website]. Accessed from http://www.ctrchg.com/CMC/Home.html

Corporate Ethics International [Website]. Accessed from http://www.corpethics.org/

Corporate Ethics Management Council [Website]. Accessed from http://www.conferenceboard.ca/networks/cem/default.aspx

Creating a Code of Ethics for your Organization [Website]. Accessed from http://www.ethicsweb.ca/codes/

Domini Social Investment [Website]. Accessed from http://www.domini.com/

Ethics Practitioners Association of Canada [Website]. Accessed from http://www.epac-apec.ca/cont-ang/calendar-events.htm

Ethics Resource Center Website]. Accessed from http://www.ethics.org/

EthicScan [Website]. Accessed from http://www.ethicscan.ca/

Harvard Business Review [Website]. Accessed from http://hbr.org/

George S. May International Company,Guidelines for Ethical Business Operations. Accessed from http://ethics.georgesmay.com/

HighBeam Research [Website]. Accessed from http://www.highbeam.com/

Kurt Lewin [Website]. Accessed from http://www.psicopolis.com/Kurt/AR1gb.htm

Mashable [Website]. Accessed from http://mashable.com/

National Leadership Institute [Website]. Accessed from http://www.nationalleadershipinstitute.org/

Park Associates, Research and Analysis for Digital Living Technologies [Website]. Accessed from http://www.parksassociates.com/

Social Investment Organization, Canadian Association for Socially Responsible Investment [Website]. Accessible from http://www.socialinvestment.ca/

Society of Corporate Compliance and Ethics [Website]. Accessed from http://www.corporatecompliance.org//AM/Template.cfm?Section=Home

The Canadian Resource for Business Ethics, also known as BusinessEthics.ca [Website]. Accessed from http://www.businessethics.ca/

The Good Work Project [Website]. Accessed from http://www.goodworkproject.org/

The Real News Network [Website]. Accessed from http://www.therealnews.com/t2/

Leadership America. Accessed from http://www.leadershipamerica.com/women_lead/aboutus/about_us.asp

The Rise to the Top [Website]. Accessed from http://www.therisetothetop.com/

Tigers Success Series [Website]. Accessed from http://www.corevalues.com/

WorkRights.ca [Website]. Accessed from http://www.workrights.ca/