

Leadership

The Inner Side of Greatness

A Philosophy for Leaders

Peter Koestenbaum

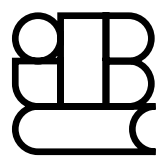
New and Revised



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The Jossey-Bass
Business & Management Series

*This book is dedicated to
four important people:
Ian Saul, Elissa Naomi,
Wayne Elia, and Joshua Neil*

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Preface to the Second Edition

Interest in philosophy in business has grown since *Leadership: The Inner Side of Greatness* appeared a decade ago. People seem to have appreciated its intention to be deep, looking into the center of the psyche and enriching themselves with substantial doses of self-discovery. These concerns have accelerated since the events of September 11, 2001.

Recent polls indicate that at least one-third of the population say they have made significant lifestyle changes as a result of 9/11. Many of these changes are steps away from work and toward the family. Also, people have become significantly more reflective and introspective, showing more interest in spirituality at work. These people are more congenial now to the spirit of camaraderie than to competition. You may find it harder to “want to kill the competition” if the competition literally died in the World Trade Center.

A lifestyle change is no longer purely a business decision but one of personal values. It is not done for profit but for the experience. Depth requires courage and risk of a kind different from what is required by investing, changing jobs, and analyzing the financials of an acquisition or a merger. Your issues become more than monetary calculations. They now demand that you deal with evil and death, with how to summon courage and manage anxiety, and how to reach greater heights of ethics and responsibility.

This is the meaning of depth. And it is desired today more than ever in relation to work and business.

History of the Idea

I arrived at the idea of philosophy in business thirty years ago, coming from the philosophy of the person, culminating in some of the analyses of the human condition associated with the existential movement in philosophy. This historical current extended itself quickly to literature and the arts, to theology and religion, and, finally, to psychiatry, psychology, and psychotherapy. I was an active member of that movement, and *Leadership: The Inner Side of Greatness* was an attempt to carry these religious, philosophical, and psychiatric insights about what it is to be a human being over to concerns that are very much alive in business.

The heart of existential philosophy was its extreme reliance on freedom and free will and its intense concentration on personal responsibility. This emphasis deeply penetrated our culture so that over the last fifty years we hear “You have a choice,” “We are responsible,” and “I choose not to go” much more often than “I was raised that way,” “My mother made me do it,” and “That is how I am wired.” Advertising, especially by financial institutions, heavily emphasizes that you are now in control, that you make the decisions, that you have the power—all of which touch on fundamental existential themes about the human condition. They stand in stark contrast to the psychoanalytic tradition of emphasizing early conditioning, learning from parents, and understanding people as the product of their upbringing and not of their own free choices. This shift from conditioning to freedom has been a culture change commensurate in magnitude to the movements of tectonic plates.

Embracing freedom and responsibility wholeheartedly blossomed after World War II, in the middle of the last century, and culminated in the Nuremberg trials. What the latter achieved was to raise freedom and responsibility to a new height of human awareness. This theme has never died. It has been reactivated by the Yugoslavian wars.

A Philosophy of Leadership

The intervening decade since *Leadership: The Inner Side of Greatness* appeared has offered ample opportunity to see how philosophy works in business: what it can do and what it cannot do, what is ex-

pected and what is actually delivered. For the final objective is to establish a *sui generis* profession, a unique career.

A philosophy of leadership is not descriptive; it is prescriptive. What this means is that we do not engage in empirical and social analyses, in which we take people who have been successful in terms of the current fads—as portrayed in such publications as *BusinessWeek*, the *Wall Street Journal*, the *Financial Times*—and then try to find out what traits they have in common.

The philosophical analysis, on the contrary, goes more like this: we live in a common world; we all have needs and hopes, feelings and ideals. We ask, What kind of people does it take to achieve these goals? and, more important, What kind of people does it take to help others achieve them, to create environments and societies—durable ones, sustainable ones—that will facilitate these goals? Surveying the history of ideas and using common sense, we hold that the Leadership Diamond encompasses the basics. And, as with classical music, once understood its value is self-evident. If we disagree with the model, we simply expand it or replace it with a better model. But the Leadership Diamond model deserves a hearing.

Overview of the Contents

Part One is the heart of the book—a detailed explication of the Leadership Diamond model. This model represents the structure of the leadership mind. It is what you are invited to know and learn—indeed, what you need to be—in order to become an effective leader. Here the details of your mental transformation are discussed so that you will approach everything you do from now on with fresh effectiveness and richer results. The exposition of the Leadership Diamond model includes ancillary discussions—amplifications of the principal theme—on the nature of time, democracy, motivation, teamwork, and salesmanship.

Part Two considers the need for and the nature of greatness in business. Today there is a dual need for greatness. On the organizational level, commitment to greatness is necessary for business success. On the personal level, commitment to greatness is required for personal health and longevity. Part Two ends with practical steps to encourage the further development of your leadership mind.

Part Three implements the Leadership Diamond model. Using the model, this section analyzes a number of private and business leadership situations. Discussed here are sample Leadership Diamond diagnoses of marriage and money, human resources and the arts, cultures, the Third World, and other situations of current interest. You will also find in-depth diagnoses of individual executives.

Part Four updates the model with new insights developed over the past decade. It includes a case on ethics analyzing the Enron scandal of 2001, as well as cases dealing with marketing, morale, and history.

The book ends with a section titled “A Leadership Resource: Tips for Achieving and Sustaining Inner Greatness.” Useful checklists and exercises are included.

Acknowledgments

A book like *Leadership: The Inner Side of Greatness* can never be the product of one person. Over the years, I have become increasingly aware of the truth of co-creation and the depth of cooperation. In that context, I have discovered the generosity and the good will of many, who contributed far more than they received. To the people who have used this book and commented on its contents and the individuals who have supported the work of philosophy-in-business I express my most profound gratitude.

I can mention only a paltry few, those being the ones immediately connected with the production of this revised edition. They are Marsha Clark, George Fitzpatrick, and Camden Danielson, for reading the original and making insightful suggestions for improvement. I value highly the work of my editors, Beverly Peavler and Susan Williams, as well as my helpers at Jossey-Bass: Rob Brandt, Todd Berman, Akemi Yamaguchi, and in particular Mary Garrett.

Carmel, California
June 2002

Peter Koestenbaum

Preface to the First Edition

The fundamental purpose of this book is to show that business can be an opportunity for both personal and organizational greatness—and that, in adopting this attitude, we not only ennoble human nature and strengthen our societies but also face squarely the critical success factor for meeting bottom-line business objectives in today's tough competitive environment.

To accomplish this goal, *Leadership: The Inner Side of Greatness* deals with the *personal* side of business leadership. This requires attention to depth, to feelings, and to inner struggles. A leader must wrestle with inward issues. He or she is expected to have great aspirations, confront great frustrations, achieve great self-control, suffer great betrayals, and manifest great compassion. Addressing the personal side of leadership also requires attention to vision and to scope, for the leader's mind must be all-encompassing. The executive is challenged always to keep his or her inner eye on the larger picture and to find ways of reacting quickly. This book asks how such a mind can be cultivated.

The personal side of leadership requires attention to such varied virtues as resourcefulness and trust, confidence and strength. It means learning the uses of power and developing a flexible imagination. The personal side of leadership challenges you to give meaning to your life through the quality of your work—how you manage your career or job, and how you invest your time and energy. The personal side of leadership also recognizes that deep thoughts and clever ideas are not enough. Executives must remind themselves that they are measured by cold effectiveness and hard results, for leadership success is tied to survival.

Leadership: The Inner Side of Greatness intends to support you in attaining a mind-set capable of combining wisdom with profits, insight with survival, the soft with the hard. It intends to help you develop a leadership mind, which means that you will think and act the way a leader does. The humanities are an unused resource for touching the lost parts of the soul and thus can give rise to a strengthened leadership. This book challenges you to make the fundamental decision of refocusing your mind, thereby achieving a mental transformation—taking, as it were, an “oath of greatness.” The leadership way of thinking and acting promoted here is in the spirit of a breakthrough—the conversion to a fresher way of being, and the resolve to renewed youthfulness and vigor.

Leadership is like health, happiness, love, or being strong. It is an intrinsic, not instrumental, value. You do not wonder how to make it work or how to apply it. You do not ask, “How do I apply health? How do I make happiness operational? What are the uses of love? How can I reap the practical benefits of being strong?” There is nothing more practical than a leadership mind. Human depth makes *business* sense. This book, its contents derived from everyday business struggles, is about personal maturity and its impact on the bottom line.

Leadership: The Inner Side of Greatness makes you a promise: to double your business leadership effectiveness on any measure you choose. Stretching your mind to reach, at all items and in all circumstances, the dimensions of what is called here the Leadership Diamond model will heighten your level of leadership awareness and show in everything you do.

Intended Audience

The audience that will find this book useful includes upper managers, middle managers, and students—the future leaders of the world. The Leadership Diamond material can easily be transferred to politics, the professions, the arts, journalism, religion, and the military: leadership is bigger than business.

It appears that the greater a person’s managerial responsibilities, the greater also is that person’s responsiveness to the leadership challenge. As people get promoted to higher levels of management, they also become more receptive to understanding the structure of leadership awareness. Recognizing the importance of leadership think-

ing and acting, and appreciating the significance of leadership training, seem to be directly proportional to the amount of organizational responsibility with which a manager is entrusted.

Leadership: The Inner Side of Greatness, therefore, addresses upper managers—executives both burdened and privileged with facing, in Shakespeare’s words, “the storms of state.” Their inner struggles and proffered solutions are reported here. It is also useful for middle and lower managers. This book addresses and reports on their problems, with a degree of depth to which managers seem unaccustomed. Frequent comments regarding this material are “Why hasn’t my boss been introduced to this?” and “How can I make a thousand people aware of this?” For ambitious young men and women who are interested in getting ahead, the material in this book should probably be required reading. The same, of course, applies to students. Having spent most of my life in school and academic atmospheres, I am sensitive to the needs of our students. Tomorrow they will be our leaders. Studying the Leadership Diamond material early in one’s career and learning to apply it can make a marked difference in one’s lifelong success.

The general principles of successful leadership, however, apply to all people.

Background of This Book

How did this book come about? It is the result of innumerable interviews, discussions, and dialogues with and observations of executives, managers, supervisors, and chief executive officers (CEOs) over a ten-year period. I have tried to learn from business leaders what their issues are, what kinds of attention they require, how the leaders struggle with them, and what solutions they come up with. This book is a record (as would be provided by a journalist) of learning experiences that have been systematized. But nothing really new is provided. You have here a teacher’s manual—a way of presenting and remembering what everyone already knows about leadership but may have forgotten, may not have thought of, or may not have considered from this particular point of view. I have tried to deepen these dialogues with executives (many of them conducted in my Leadership Diamond seminars) through my own background in philosophy, which spilled over first into religion and theology and then into psychiatry and psychotherapy.

Presenting an approach to leadership enriched with philosophic depth can lead to difficulties in communication, sometimes bordering on culture shock. Some people respond to Leadership Diamond theory with enthusiasm and say, “We need more of this.” Others seem to have trouble seeing its relevance. People occasionally respond with hostility. Successful executives often come equipped with what we might call engineering minds, finance minds, legal minds, scientific research minds—that is to say, essentially pragmatic and bottom-line minds. We have become accustomed to calling that *left-brain thinking*. Such explanations, however, are of limited value. We should all be open to exploring those regions of our minds that have been left dormant. (In my own case, I started my academic career with mathematics and theoretical physics and came only later to the psychological and business implications of philosophy explored in this book.)

Experience demonstrates repeatedly that—offered the opportunity—executives show a strong desire for depth: they want to explore the connections between daily routines and destiny questions, ordinary choices and creation myths, innovation and the mind of genius, making budget and striving for greatness.

Leadership: The Inner Side of Greatness meets a fundamental, largely unfilled need: exploration of depth in leadership. Effective leadership derives its credibility not from practices and techniques (important as they are) but from the person supporting them, the human being behind the leadership behaviors. This book addresses that issue squarely.

Acknowledgments

This book—and the work it represents—would not have been possible without the devoted help of many friends. Here are a few of them: David Belle-Isle, Gail Bidwell, Peter Block, Anders Byström, Jack Furrer, Kenn George, Dennis Green, Bill Hicks, Arne Johansson, J. C. Persson, Jean-Louis Servan-Schreiber, Al Solvay, Dan Werbin, and John Williamson (recently deceased). It is not fair that many more individuals deserving loyal thanks have been left out, but I trust they will understand and be forgiving.

Los Angeles, California
March 1991

Peter Koestenbaum

The Author

Peter Koestenbaum was a professor in the Philosophy Department at San Jose State University for thirty-four years, where he received the Statewide Outstanding Professor Award. He has applied his knowledge of philosophy to business, leadership, management, marketing, and strategic thinking.

He is the author of *Is There an Answer to Death?*, *Managing Anxiety*, *Choosing to Love*, *The Heart of Business*, *The New Image of the Person*, *The Vitality of Death*, and *Freedom and Accountability at Work* (with Peter Block). Koestenbaum and Block are the creators of the videotape *The Language of the Leadership Diamond*.

In addition to this revised edition of *Leadership*, Koestenbaum is concurrently publishing *The Philosophic Consultant: Revolutionizing Organizations with Ideas* (Jossey-Bass/Pfeiffer).

Koestenbaum earned a bachelor's degree in philosophy from Stanford University, a master's in philosophy from Harvard University, and a Ph.D. in philosophy from Boston University; he also attended the University of California, Berkeley, to study music and philosophy.

His concern throughout his career has been to develop philosophy-in-business as a bona fide profession undergirding the use of the humane sciences in business, covering not only personal and cultural matters but strategic and marketing topics as well. This journey has taken him to over forty countries on five continents and to extensive work with Ford, IBM, Ciba-Geigy (now Novartis), Citibank, Volvo, Amoco, Xerox, and Electronic Data Systems (EDS), as well as one of the large Korean *Chaebols*.

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Leadership

INTRODUCTION

The Oath of Inner Greatness

Nine Keys to Business Wisdom

A week after the events of September 11, 2001, *Fast Company*'s Polly LaBarre, a friend, called me with these powerful leadership questions:

- The big question on the table right now is, How do we behave as businesspeople? How do we reconnect with meaning as we go forward in our work?
- How do we get back to doing what we do—competing, strategizing, working effectively, making deals—without forgetting or trivializing this global tragedy? How do leaders most effectively deal with this tension between getting back to business and paying attention to the aftershocks of this event?
- What can we learn from this event? How must leaders lead and behave in order to keep that lesson alive long after the shock wears off and things go back to “normal”? Philosophers talk about courage, evil, death. Businesspeople don't. But now we have to face these big realities. What can you tell our readers about their responsibility to deal with these forces?

Great questions! They concern the line that separates authenticity from inauthenticity. After 9/11, some people responded below the line: they got sick, became dysfunctional, became dependent, fell apart, and could not go back to effective work. Others responded above the line, with depth and with truth, resolutely and with courage, determined to make themselves worthy of the

enormous sacrifice they had just witnessed. To respond above the line, as they did, is to take responsibility.

Understanding the Leadership Diamond®* model, which this book describes, helps us come to terms with these tough and eternal leadership questions, because the model is a summary of philosophical perspectives.

September 11 told us nothing new. That's the miracle. What we discovered because of it was always there. True, we did not have the good sense to be alert to these truths. Good times blind us. Bad times reveal the truth to us. Can we ever get past this proneness to illusion?

We think of business casually as being a life without greatness. But do we know what we are talking about? We think greatness is touched, evoked, aroused only *in extremis*. That's precisely where the problem lies. Extreme situations excite greatness because they remind us that we have neglected greatness and it is time we're reminded of it. Crises awaken us, but what we respond to is not the crisis but life itself. Can we understand that? The crisis is the wake-up call. What we then see is everyday life; it's been there all the time. We return to where we have been, but now our eyes are open.

William Blake saw this clearly. "If the doors of perception were cleansed every thing would appear to man as it is, infinite." A crisis cleans the doors of perception. It then reveals the truth. The crisis is the catalyst. What it reveals is life. That revelation is always there for the taking. We just would not take it.

Business carried out authentically is life with greatness. You can never allow life to be otherwise, to be anything less than great. It is a sin to ignore this principle. The Diamond approach does nothing more than to remind you that life without greatness is shabby and degrading, that it leads to existential guilt—guilt because we are responsible for our unfulfilled potential. It is this profound truth that we recapture when tragedy strikes. That is why tragedy in drama is a great art form. The greatest works of art are tragedies: *Hamlet*, *King Lear*, *Oedipus*, *Faust*, *Death of a Salesman*, *A Long Day's Journey into Night*, *The Seagull*. Why? Because they awaken us to the truths of life, not the truths of the play. *Hamlet* is a great tragedy because it deepens life. What's great is life, not *Hamlet*. *Hamlet* is a great wake-up call.

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The Shakespearean tragedy tells me that I have been living without greatness. Shame on me! I will now resolve never again to live without greatness. And let God be at my side to help me keep my promise. Tragedy is a conversion experience—one that lasts forever. And the conversion is to see what has always been. Clifton Fadiman wrote, “When you reread a classic you do not see more in the book than you did before; you see more you than there was before.”

What did I learn? That I must respond above the line. That I must go back to work, not tomorrow, no, today, and resolve to work with greatness and never again forget to do so. Business is an opportunity to do great things, and I have squandered that opportunity and crashed greatness against the rocks of Philistine indifference. I am ashamed.

The Leadership Diamond model is no more than an effort to center greatness once more in the everyday marketplace—never again to let go of it. Stay above the line. This is the dignity of work—of all kinds of work. It’s always there, even while we forget it. Because life without greatness, even one day without greatness, betrays contempt for my Creator, not valuing what my Creator has done in giving me life. Thomas Jefferson writes, “The God who gave us life, gave us liberty at the same time.” And Kahlil Gibran says that work is love made visible.

We can expand on Jefferson by adding greatness. God at the moment of Creation gave us not only life and liberty but the thirst and the capacity for greatness, for doing great things, for service, devotion, dedication, and significance. But greatness is made up of little things.

Executives interested in the Diamond put greatness back into life through business, injecting it then into society at large. Those who show no interest are the naysayers described by Oscar Wilde: “A cynic knows the price of everything and the value of nothing.”

Did not Rudy Giuliani, mayor of New York City at the time of the 9/11 tragedy, say the same? Sweet revenge, he told his constituents, is to go back to work energetically. Then the terrorists will have failed in their goal. Jefferson and Giuliani want us to live above the line.

The only problem rests with people who do not have a commitment to greatness, who drift, running on idle most of the time. They do not value the fact that they are alive, and they feel no obligation to make sense of their lives. They coast, slumber, and

do not wish to be awakened, praying they will die before they wake up. They show no standards, no ambition, and no passionate values. They are not the artists in business, the reformers in life, or the missionaries in organizations. They live below the line.

Why this focus on business? Because it is the center: the economy keeps human beings alive. Through the economy they exist. Work makes meaning.

Above the line, every workday is a concert, a solo retrospective, an Oscar ceremony, an Olympic victory, a Nobel Prize. That is the meaning of hope. And that's what hope means every day.

Too often we think of work as degrading and boring. Our highest responsibility is to protect the sense of destiny, greatness, dignity, and hope by how we relate to work, by the work we choose, and by how we choose to do it.

The disaster reminded us of the attitude toward work that we should have had. Instead, we went to sleep. Polly asks, in effect, should we go to sleep again? How can we? Without guilt? No, Polly, we promise we'll stay awake, permanently awake, for that is how we contribute to our nation's greatness. We can choose on which side of the line to exist.

The disaster reminds us of what we should have done all along but did not. We are not reacting to the Twin-Towers disaster but to the disaster our lives were before the terror. We shall never go back to the same life but return to life as it should have been from the very beginning. Then we were not smart enough to see it; now we are.

Prescription? What will you do? What activities or action steps are relevant and to the point?

Take time out and reinvent and redefine yourself. See how you work and what your job is. Write it down. Appreciate the enduring value of writing as self-expression, thinking, reflecting, discovering new ways of being, responding. Journaling is still one of the most effective paths to salvation. Reread. Revise. And make that redefinition into oath, a conversion. Promise that you will become the person you were meant to be. You resolve to become the person you are and have been but had forgotten. Be relentless.

It's your own fault that you forgot. It is your own responsibility to remember: never again retreat below the line. That's the ultimate New Year's resolution.

Talk about this to others. Ask them questions: How did you feel? Any insights you care to share with me? How will the workplace change? What goes on in a mind that believes, as did bin Laden, that causing a maximum number of civilian casualties is a “blessed event”? What do you need to do in order to justify your existence? What can you tell your children about the meaning of school? Have your values changed? What does your job mean to you today? You and I don’t know each other very well—why not have lunch together? You can then tell me what you are thinking and feeling. Your imagination is the only limit.

On which side of the line are you?

The following inscription appears on the ceiling of the Kennedy Library in Boston: “The life of the arts, far from being an interruption, a distraction, in the life of a nation, is very close to the center of a nation’s purpose—and is a test of the quality of a nation’s civilization” (President John F. Kennedy).

The Oath of Inner Greatness: Nine Keys to Business Wisdom

It is clear that, worldwide, the need for leadership is unprecedented. Yet few appreciate how difficult it is to be an authentic leader. Just having money or authority does not make people leaders. One feels gratitude toward real leaders, for they have the courage to serve others in circumstances that many individuals avoid or simply cannot handle.

It is difficult to run an organization well. It is difficult to be part of a management team. It is difficult to be accountable. Many executives work very hard and try to do their best. Frustrations are enormous and inevitable. Leaders can be targets of severe hostility—not that it is never deserved; sometimes it is. Nevertheless, the anger of others is difficult to bear.

The post-9/11 manager is expected to be a prophet, poet, philosopher, historian, genius, athlete—in short, a statesman. You need a simple “how to” answer to the toughest challenge you will ever face: what to do when you are required to be a leader.

What are today’s key business issues? What must you really know to run a successful enterprise? What must you understand to be an effective leader? What kind of thinking will lead to promotions?

How will you “grow the business”? How can you improve quality and productivity? What do you require to beat the competition? In short, what really matters?

Here are nine basic themes that can serve as answers. None is new. Plato said that knowledge is recollection; the following is to remind you of what you already know.

Theme 1: Personal Responsibility

One job stands out above all: learning the meaning of *personal responsibility* and knowing its rootedness in your free will. In some fundamental sense, it’s all up to you. Freedom and responsibility—two faces of a single coin—are philosophical and theological (even political) concepts but not really scientific ones. And before you can use them, they must be clear to you. Civilization, let alone business, stands or falls on fully understanding and courageously implementing this one point. This insight, before you can fully use it and make it a tool, must be crystal clear to you.

Specifically, leading requires ownership of the meaning of personal responsibility and accountability. It means fully internalizing the human truth that, in your world, nothing happens unless you make it happen. You must understand that the consequences of your action and inaction are like your children: you create them, they are extensions of you, you are responsible for them, for you are they, but they live their own lives nevertheless. It is therefore a “fact” of the structure of human nature that you are responsible for your world. Dependency and paternalism are cruel illusions. The real world is made for the autonomous and self-reliant individual.

Leading also means achieving access to the will—the engine that propels you to action. Leading is to claim the power of your freedom, your essence as a self-starter. Leading requires changing not only the way you think and the way you act but the way you will. Leading is taking charge of your will—the innermost core of your humanity.

The most important myth of our civilization, the Biblical story of creation, underscores this point: “In the beginning, God created the heavens and the earth.” This is the ultimate symbol of initiative, of creativity, of being a self-starter, of freedom—in short, of