Leading Ethically Through Foresight

By Daniel H. Kim

Referring to Robert Greenleaf's renowned 1970 essay "The Servant As A Leader" is always an exercise in humility for me. His writings are a constant reminder of the high standards leaders must set for themselves if they are to be worthy of people's full commitment. Of all the things that Greenleaf wrote, I have found the following passage to be the most striking and most challenging to live up to:

"The failure (or refusal) of a leader to foresee may be viewed as an ethical failure because a serious ethical compromise today (when the usual judgement on ethical inadequacy is made) is sometimes the result of a failure to make the effort at an earlier date to foresee today's events and take the right actions when there was freedom for initiative to act. The action which society labels 'unethical' in the present moment is often really one of no choice. By this standard, a lot of guilty people are walking around with an air of innocence that they would not have if society were able always to pin a label 'unethical' on the failure to foresee and the conscious failure to act constructively when there was freedom to act."

I have never heard anybody talk about leadership responsibilities in that way. Others may admonish us for not having exercised better foresight or for incorrectly anticipating the future. They may call it a failure of planning or an error in judgment. But to call such a lapse an ethical failure is such a strong stance that it compelled me to take a deeper look at the issue so that I could come to better understand why Greenleaf used such provocative terminology.

Foresight in the Face of Complexity

I once subscribed to a financial newsletter that focused on investing in a basket of eight stocks selected from the companies that make up the Dow 30. At first glance, this might seem like a limited investment strategy; after all, how many options do you have for picking eight out of a universe of only 30 stocks? Though people's guesses vary widely, the correct answer is that there are slightly more than 5.7 million different combinations of eight companies that you can select out of 30 stocks.

"The failure (or refusal) of a leader to foresee may be viewed as an ethical failure."
—Robert Greenleaf

Most of us are surprised to learn that such a mind-boggling number comes from such a relatively small set of choices. The number of possible combinations of human groupings within an organization is even more staggering. Even in a small organization with 30 employees, you can create millions of different combinations—or teams—of various sizes. Add to the mix the dynamic forces of the external environment that are continually affecting the organization, and you find yourself facing a situation in which exercising foresight seems to be nothing but a pipe dream.

Forecasting vs. Predicting.

We might think then that the enormous complexity of our modern organizations leaves us incapable of exercising foresight. This conjecture would be true if we equated foresight with making accurate forecasts about the future—which is impossible to do. Fortunately, foresight is really about being able to perceive the significance and nature of events before they have occurred—which is achievable.

In their scenario planning work at Royal Dutch Shell, Arie de Geus and his colleagues were careful to draw the distinction between making forecasts versus making predictions about the future. They realized early on that there was no reliable way to forecast what the oil price might be at a specific date in the future. However, they were able to develop a deep understanding of the geopolitical realities of the various countries in which they operated and combine it with their knowledge of the oil industry to develop scenarios to help their managers predict future consequences of current events. In short, their scenario planning efforts gave them the capability to exercise foresight even during times of turbulent change.

To illustrate the difference between forecasts and predictions, de Geus offers the following example: If it rains in the foothills of the Himalayas, we cannot forecast exactly when the rivers will swell and flood the valleys, but we can predict with certainty that the flooding will occur. The better we know the structure of the terrain, the greater knowledge we have about the flooding to follow. Thus, a leader's ethical responsibility is to know the underlying structures within her domain and be able to make predictions that can guide her people to a better future.

Helping vs. Meddling.

Whenever I ask managers whether they think they are helping or meddling when they take actions in their organizations, they unanimously respond with "helping." When I follow up with the question, "How do you know you are helping?" most will admit they really do not know whether they are or not. Failure to know whether I am helping or meddling is another ethical lapse,
because it means that I lack the fore- 
sight to know the future consequences 
of my own (and my people’s) actions.

Dr. Edwards Deming, a pioneer in 
the quality improvement movement, 
often illustrated the difference 
between helping and meddling with a 
marble-dropping experiment. Let’s say 
we drop a marble 40 times, aiming for 
an “X” marked on a tabletop. If we 
mark the spot where the marble 
comes to rest each time, we will 
everually have a random pattern of 
dots surrounding the X.

Now, instead of aiming for the X, 
we change our aim to compensate for 
where the marble ended up in the 
previous round. For example, if the 
marble ended up an inch to the right of 
the X, the next time we will aim it 
an inch to the left. If we dropped the 
marble 40 more times following that 
strategy, would the pattern of dots 
form a circle that is smaller, the same, 
or larger than in the first round and 
why?

When I use this exercise with a 
group, I generally get all three answers 
— smaller, the same, and larger. What is 
interesting about people’s responses 
isn’t whether they got the right answer 
or not, but rather the reasons they 
offer for why they gave their answer.

Those who say that the circle will 
be smaller explain that we are reducing 
the error because we are compensating 
for the directional deviations from the 
previous round. After all, if you shoot a 
gun at a target and your first shot goes 
a little to the left, you will make an 
adjustment the next time by shooting a 
little to the right. But this strategy 
only works if aim is the primary 
source of the variation, which is not 
true in this case.

Others guess that the circle will 
be the same size precisely because they 
also know the cause of the variation does 
not come from the aim. Because they 
know that changing the aim is not 
going to improve the results, they erro-

nejously conclude that it will not 
degrade the results either. This would 
be true if the changes we made to our 
aim were so minor that their effects 
were negligible. However, in our 
experiment, the changes were in direct 
proportion to the underlying variation 
we experienced, so their impact is 
quite significant.

The correct answer is that the cir-
cle gets larger. Although some people 
are able to give the right answer, not 
everyone can provide the correct 
explanation of why it is true. This fact 
is important, because getting the right 
answer or the right results is not good 

enough; we must also know why. Oth-

erwise, we may be making a lucky 
guess that we cannot count on the 
next time or an intuition that we are 
unable to pass on to someone else. The 
reason the circle gets larger is that we 
are introducing more variation by con-
stantly changing the aim. The primary 
source of variation in the first round 
was the interaction between the marble 
and the surface of the table. Since we 
did nothing to reduce that variation, 
any other change we introduce simply 
adds more variation to the system.

So, if we are really interested in 
tightening the circle of dots, what can 
we do? We can make the table surface 
safer by covering it with felt so that 
the marble is less likely to bounce and 
roll. In addition, we can glue Velcro on 
the marble so it sticks to the cloth 
where it lands. These actions help 
because they change the system’s 
underlying structures.

Understanding System Capability.
The ability to discern between 
whether we are helping or meddling 
has allowed us to improve the quality 
of virtually all manufactured products. 
Through the application of statistical 
process control (SPC) techniques, we 
now have a much deeper understand-
ing of the sources of variation in a 
manufacturing process and can work 
to reduce those variations. Prior to the 
 advent of SPC, when a machine was 
producing a piece that was outside of 
specs, the operator would adjust the 
machine to compensate for the error. 
Doing so was analogous to the second 
part of our marble experiment and 
would produce the same undesirable 
results. The very actions we took to 
correct the problem would actually 
exacerbate it.

Unlike the marble experiment, 
however, the impact of making adjust-
ments did not produce clear and 
immediate negative results. In the short 
run, the adjustments often seemed to 
only work—although they 
didn’t. Operators 
saw little rhyme or reason as to why 
tweaking the machine worked some-
times and not others, so they couldn’t 
produce consistent outcomes.

SPC provided a way to calculate 
the range of variability that was normal 
to the system. For example, a drill press 
that is supposed to drill a 10mm hole 
will not be able to drill a hole that is 
exactly 10.000mm every time. Because 
of various factors (irregularities in the 
drill bit, the effects of vibration, vari-

ability in the piece being drilled), the 
holes may fall somewhere between 
10.000mm and 10.009mm. If we 
determine that this range represents the 
system’s capability of this drill press, then 
we must accept any variation that falls 
within these two limits to be common 
to the system—the correct action to 
take in this instance is to do nothing.

If a variation exceeds these limits, 
however, that is considered to be a spe-
cial cause, and we must take corrective 
actions because something other than 
the normal operation of the system 
must have caused the greater variation. 
This ability to distinguish between 
common and special causes revolu-

tionized manufacturing and led to dramatic 
quality improvement. Unfortunately, it 
has not been translated very well in 
domains beyond manufacturing.

There is an important link 
between understanding a system’s 
capability and having the capacity 
to exercise foresight. In the marble 
experiment, we saw that although we 
cannot foresee where each individual drop 
of the marble will end up, we can pre-
dict with absolute certainty that the 
pattern of drops will get bigger over 
time. Therefore, we know that the act 
of changing our aim is actually med-
ddling, not helping. Ultimately, taking 
ill-considered actions (or caus}
idle dreams, vision statements and corporate objectives. Each of these concepts represents a different approach for guiding people’s actions (see “Four Faces of Vision”).

Some people do not see any practical significance to visions because they don’t think they will ever become reality. They tend to view visionaries as idle dreamers because they focus on the future rather than the present, and the visions themselves often seem fantastically impossible to achieve. These people discount anything that is not rooted in the here and now as being “airy fairy” or impractical.

But visions are not the same thing as idle dreams. Idle dreams are meant to remain idle—that’s what provides them with their magic and generative power. When we relieve ourselves of the need to produce and simply dream, our imagination lights up with all kinds of possibilities. As leaders, we should encourage our people to devote some of their time to daydreams, because this is fertile soil from which visions are likely to sprout.

Other people think their job is done when they have crafted a vision statement; they mistake the vision statement for the vision itself. They see the process of sharing the vision as one of simply “rolling out” whatever it is that senior management has created through cards, posters, videos, speeches, and other forms of one-way communication. These efforts almost always lead to cynicism. The organization does not value the vision because people do not sense that senior executives support it nor do they feel like participants in the process.

Those who mistake vision statements for a vision do not realize that drafting a vision statement marks the beginning, not the end, of a continuous process. In a sense, they are committing an error that is analogous to mistaking a photograph for the real person, because that is what a vision statement is—a static snapshot—relative to a true vision, which is a living source of energy in the organization.

Then there are those who equate vision with corporate objectives. Proclamations like “Our vision is to hit 20% ROI this year” resonate with those interested in driving people to perform to measurable yardsticks. The issue here isn’t whether setting numerical objectives is good or bad, but what happens when we turn a vision into performance objectives. When coming up with objectives that we know we will be measured against, we tend to focus on what is do-able, not what is desirable.

W ill the Real Vision Please Stand Up? So, what qualify as real visions? Visions are clear and compelling pictures of the future that people truly care about bringing into reality. They do not need to pass a reality test, because the primary consideration is whether we care enough about them to commit ourselves to bring them into reality.

The thing that distinguishes idle dreams from visions is the fact that we have made a conscious choice to start working toward the vision. For example, when John F. Kennedy articulated a vision to put a man on the moon and bring him back safely within a decade, it could have stayed as a nice idle dream of what we might do. But, because he had tapped into the latent aspirations of the American people at a time when they needed a great dream, his “idle dream” united the nation in a common vision that taxpayers cared enough about to invest billions of dollars to make it a reality. Even though the articulated vision was literally impossible to do at the time, once Americans chose to make it happen, the impossible became the possible.

When we have made the commitment of choosing a vision, then vision statements can be useful. A vision statement provides us with a way to engage others in the visioning process. Of course, we will need to set many objectives along the way, but the objectives themselves are not the vision. Compelling visions provide us with the energy and desire to set and meet numerous objectives including ones we would have never accepted if they were set before us in isolation. In short, visions are powerful because of the simple fact that we care about them. When our emotions are engaged, we have the energy and desire to set things in motion.
Foresight and The Power of Choice

As mentioned above, choice plays an important role in vision. If we never exercise choice, we will forever want things without ever taking steps toward attaining them. It is the conscious choice to bring something into reality that transforms an idle dream into a vision that has the power to tap people’s energy and commitment. Making choices, then, is a powerful act.

Hierarchy of Choices. In his book, The Path of Least Resistance (Fawcett Books, 1989), Robert Fritz differentiates between making Fundamental, Primary, and Secondary Choices. Fritz points out that it is difficult to make choices at one level if we have not yet made a choice at the level below it. He refers to vision as a primary choice—choosing a clear picture of a result we want to create. Given that there are literally an infinite number of possible choices we can make about what vision to pursue, what will help us narrow the possibilities? The answer lies in making a fundamental choice first (see “Hierarchy of Choices”).

The fundamental choice addresses the big question “Why?” and serves to clarify our purpose in life. Being clear about our purpose then informs all future choices. To do so requires deep self-knowledge and an awareness of the core values that define who we are. In my experience, core values and purpose are so intimately interrelated that they form the basis of our identity. That is to say, the values we deeply believe in and our sense of purpose define who we are as individuals and as organizations.

Many people in organizations struggle to make choices at the level of strategy and tactics. Without the clarity of primary choices such as vision to guide them, they have no basis for making secondary choices. When they get stuck, rather than going down a level and clarifying the fundamental issues, they tend to move up a level and try to make tertiary choices (which may come easier because the stakes are lower). As they make these tactical choices, they then work backwards to see how their tactical choices may help them to decide on choice of strategy. In the end, people in the organization are all busily engaged in executing numerous activities, but very few have any idea how their activities are connected to a broad strategy or a common vision, let alone a sense of purpose.

Order Without Control. What does all this have to do with having foresight? Well, imagine that you are the leader of a large product development team that is several hundred people strong. Everyone is busily engaged in all kinds of activities, presumably in support of developing the next generation of your product. But how do you know that your people are working as hard as they can to produce the kind of product they are supposed to produce? One approach would be to tightly control as much of the process as possible to ensure that everyone is making the “right” choices. This would require an army of inspectors, a sophisticated monitoring system for checking up on people’s progress, etc. However, this kind of over-control seldom produces the desired results.

Instead, I believe that an organization’s core values, purpose, and vision can create order out of seeming chaos without the need for tight control systems. When every member of a team or organization has internalized the core value and purpose and has a clear picture of the result they are striving for, they will be guided every step of the way. Their individual choices will all naturally fall within certain boundaries, even as the day-to-day activities are unpredictable and seemingly chaotic. The clarity in purpose and core values guides the organization and produces predictable outcomes that we can foresee even before they happen and without knowing much of the details.

Stewards of the Future

In the end, foresight is about understanding our organizational complexity, articulating a compelling vision, and making the foundational choices to guide our people. Exercising foresight requires us to not only know the true capabilities of our organization but also to be deeply connected to the highest aspirations of our people so that we can articulate a vision that inspires people to create their future instead of merely reacting to things. As leaders, by developing a deeper awareness and intuition of the forces that shape our future, we prevent complexity and the turbulence of our environment from casting that future into ever-darker shadows of doubt and uncertainty. Thus, developing foresight capabilities is

Continued on next page >
both an ethical responsibility and a business imperative, because the two are inextricably linked.

The recent scandals surrounding the demise of companies like Enron (questionable accounting practices), Arthur Andersen (shredded documents), and WorldCom ($4 billion of misstated income) graphically illustrate why Greenleaf felt that the lack of foresight was an ethical failure. The magnitude of these collapses cannot be summed up in the billions of dollars lost alone, but includes the tens of thousands of people who have been robbed of their livelihoods and retirement dreams. Their leaders failed them by not being good stewards of their organization’s future and not anticipating the negative ramifications of their actions. The losses are particularly tragic because they were so eminently preventable.

My hope is that each of us will be vigilant in continually developing our foresight so that we stand ready and able to be true stewards of the future. Answering the call requires us to rediscover who we are as individuals and connect with the highest aspirations in ourselves and in our organizations. It requires us to ask the deeper question “Who am I?” and answer it repeatedly until we have stripped away the layers of varnish we have applied over ourselves and revealed the beauty of the natural wood that is our true self. Only then, from a place of authenticity, can we join together to create a better future for all.

This article is adapted from the booklet “Foresight As the Central Ethic of Leadership” by Daniel H. Kim (The Greenleaf Center for Servant-Leadership, 2002). We thank the Greenleaf Center (www.greenleaf.org) for granting us permission to publish this condensed version.

Daniel H. Kim is an organizational consultant, facilitator, teacher, and public speaker committed to helping problem-solving organizations transform into learning organizations. He is the founding publisher of The Systems Thinker, cofounder of Pegasus Communications, and a founding member of the Society for Organizational Learning.