

# INTEGRITY:

## The Leader's North Star

BlytheMcGarvie



According to Blythe McGarvie, business leaders need to fit in and stand out. Hence her book: *Fit In, Stand Out*, in which she introduces her six FISO Factor catalysts: financial acuity, integrity, linkages, learning, perspective and global citizenship. Following is a portion from chapter 5, reprinted with permission of The McGraw-Hill Companies.

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CFOs are often described as today's corporate "superheroes" – dealing with tactical issues one minute, long-term strategy the next, and always expected to have the right answer. A flattering description, perhaps, but since you can't depend on supernatural powers to get it all done, how do you effectively manage these daily challenges and emerge as a strategic leader in your organization?

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**I**ntegrity is the second catalytic agent of the FISO Factor. It is the catalyst that powers ethical behavior, enables consistency in thought and deed, and embraces a holistic approach to work and life. This is why integrity serves as the leader's North Star.

The North Star or Polaris has played a significant role in human history. Because it is located above the North Pole and appears to remain stationary in the night sky, the North Star has been a principal navigational beacon in the northern hemisphere for thousands of years. The ancient Phoenicians used it to crisscross the Mediterranean. In Homer's *Odyssey*, the goddess Calypso instructs Odysseus to keep Ursa Major, the constellation that leads us to the North Star, to his left during his epic journey home. In more recent times, Columbus used the North Star to establish the latitude during his voyages to the Americas. In the 1800s, tens of thousands of runaway African-American slaves walked toward the North Star in their har-

rowing journeys to freedom.

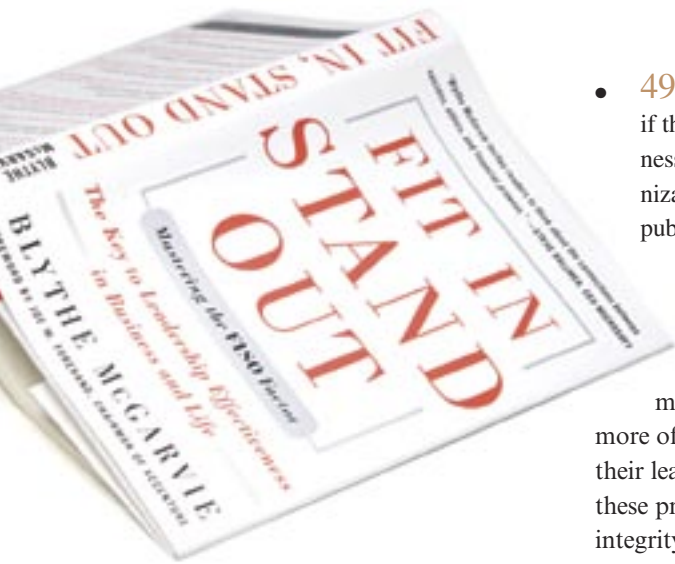
The North Star also has spiritual and mythical significance. The Navajo called it the Fire Star. They saw it as the fixed point at the center of life, the fire around which families gathered. The Skidi tribe, one of the Pawnee peoples who lived on the Great Plains, gave the North Star a particularly interesting role in their mythology. They saw how it seemed to watch over the rest of the night sky and named it the Chief Star. They believed that it was a reminder of the need for consistency and stability among tribal leaders.

Integrity is clearly the Chief Star of today's business leaders because it creates a context for everything that they do. Without integrity, leaders cannot discern the proper organizational goals and determine how to pursue them. Without integrity, they cannot properly utilize the five other catalysts of the FISO Factor and pursue career success. Neither organizations nor their leaders can survive and thrive in the long-term without integrity. Consider Ivar Kreuger, the

infamous Match King of the 1920s.

Kreuger was a business leader who was well endowed with all of the catalysts of the FISO Factor...except integrity. As odd as it sounds today, Kreuger's ambitious goal was to monopolize the worldwide market for matches. He set about accomplishing this goal by obtaining exclusive match concessions from various national governments in return for loans. He raised the money for the loans by promising investors huge returns. In fact, in the financially exuberant Roaring Twenties, Kreuger not only provided annual investment returns of 30 percent, he also obtained controlling stakes in hundreds of companies. Unfortunately, however, Kreuger's financial acuity was not complemented by integrity. He used bribes, forged bonds, outright theft, and accounting fraud to grow and maintain his empire, which crashed into bankruptcy with the onset of the Great Depression. Kreuger committed suicide in 1932.

The Match King is an extreme example of what can happen in the



absence of the catalyst of integrity, but there are less dramatic examples occurring all around us everyday. In late 1999, several years before the high-profile revelations of corporate misconduct that began emerging in and after 2001, KPMG commissioned a survey of employee perceptions of organizational and leadership integrity and discovered the following disturbing statistics:

- **76 percent** of employees said that they had observed violations of the law or company standards in the past 12 months.
- **61 percent** of employees said that if they reported the violations to management, management would fail to discipline the responsible parties, regardless of position or rank.
- **55 percent** of employees believed that their CEOs and senior executives were unapproachable if an employee needed to deliver bad news.
- **53 percent** of employees said that if they reported the violations to management, management would fail to protect them from retaliation.

- **49 percent** of employees said that if the misconduct they had witnessed was made public, their organizations could significantly lose public trust.

Clearly, when three-quarters of U.S. employees are witnessing ethical and legal misconduct at work and half or more of U.S. employees believe that their leaders are not willing to address these problems, there is a crisis in integrity in the workplace. This crisis leads directly to another: Aside from the legal and financial repercussions, the crisis in integrity has created a crisis in trust.

Unsurprisingly, the crisis in trust is also well established. A CNN/USA Today/Gallup Poll in July 2002 that surveyed the American public about “people who can be trusted” found that only 23 percent believe that most CEOs of large corporations fit the bill. Almost three-quarters, 73 percent, responded that when it comes to trust, you “can’t be too careful with them.” To place this result in context, CEOs were ranked just above car dealers in

trustworthiness. The numbers for military officers were almost exactly the reverse: 73 percent said “most can be trusted;” 24 percent said “can’t be too careful with them.”

How can we, as leaders, overcome odds like these and change the perceptions of the majority of our stakeholders? The answer is simple: embrace the catalytic power of integrity.

**BIO** Blythe McGarvie is president of Leadership for International Finance LLC, a consulting firm focusing on improving clients’ financial positions. She has held C-level positions with leading manufacturers and retailers in Europe and the United States. McGarvie is a certified public accountant and earned an MBA degree from Kellogg Graduate School of Management at Northwestern University. She is a director on the boards of Accenture Ltd., The Pepsi Bottling Group, St. Paul Travelers Insurance, Lafarge North America and Wawa Inc. She has also been featured in numerous national and international publications, including *The New York Times* and *CFO magazine*.

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