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## Notes Toward a Definition of Values-Based Leadership

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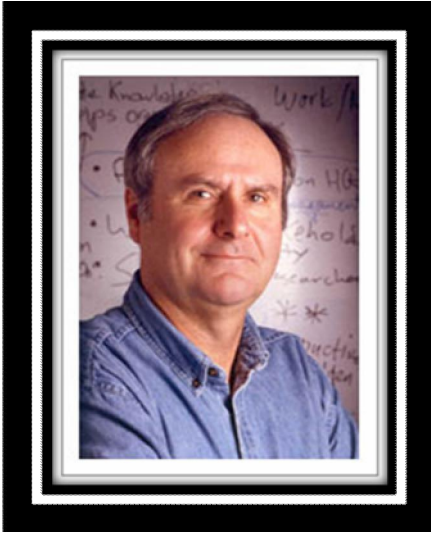
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*This article attempts to define values-based leadership, provide examples of leaders who practice (or practiced) it, and explain how it is uniquely different from other theories of leadership. While the definition of values-based leadership proved to be elusive, in the end, it appears that values-based leaders help followers accomplish what they hold dear.*

**JAMES O'TOOLE, DENVER, COLORADO**

## **Notes Toward a Definition of Values-Based Leadership**

In the summer of 1989, high in the Colorado Rockies, I stumbled upon the concept of Values-Based Leadership. Demonstrably, the practice had existed for centuries — actually millennia — before then, but I am not sure it had ever been clearly identified as such. But whether or not others before me had identified or named Values-Based Leadership, my little discovery was a personal revelation, and the beginning of an avocation. Since then, I have advocated the practice, written about it, and taught it in numerous classrooms and at some six dozen seminars for business executives. But, oddly, I have yet to pin-point an accurate definition of the practice, nor have I found definitions put forward by others to be completely on target. Thus, the launch of this new journal is an appropriate (and long overdue) occasion and opportunity for me to attempt to do so, but first...

### **A Little Historical Background**

The Aspen Institute's Executive Seminar was launched in the summer of 1951 during the early stages of the Cold War. The first participants were leaders from twenty large American corporations who came to Aspen, Colorado to spend a month ostensibly learning about the philosophical bases of capitalism and democracy in a program outlined by Henry Luce, founder of Time-Life, and Robert Hutchins, then-president of the University of Chicago. The stated purpose of the seminar was to prep the nation's business leaders for the upcoming struggle against global communism. Luce and Hutchins believed that American business leaders were “the great unwashed” illiterate in the origins of their own system and, hence, destined to lose the upcoming battle for the world’s minds in competition with better-schooled Marxist ideologues.

The following summer, the seminar was trimmed to two weeks and the curriculum was based on discussions of selections from The Great Books as identified by my teacher, the redoubtable philosopher, Mortimer J. Adler. Over the next fifty years, corporate executives were joined on the Aspen Institute campus by leaders from government, labor, and the professions in text-driven discussions designed to identify the characteristics of “the good society.” Until the seminar was discontinued in 2007, it was the longest running show in executive development, attracting leaders from around the world.

But, if truth be told, most of the executives who attended the seminar during its first thirty-five years or so weren't really interested in priming themselves to fight communism. Instead, they cared more about becoming effective business leaders, that is, about learning how to create “the good organization.” And when Mikhail Gorbachev started dismantling the Soviet Empire in the late 1980s, the Institute was finally forced to abandon the long, outmoded pretense that the seminar was about communism vs. capitalism. But if that struggle wasn't the subject of the seminar what, in fact, was it about?

### **What Values-Based Leaders Do**

In June 1989, I was given the assignment of answering that question and followed the path of least resistance by simply asking participants in the summer-long series of Executive Seminars what they had learned. In September, when I reviewed the notes I had collected, it was clear the participants were most deeply affected by the diversity of views they found in the texts they had read and by the wide-range of perspectives in those readings that had been offered by their fellow seminarians. In essence, they had discovered that reasonable people disagreed on what constitutes a good society (and a good company), and that the role of a leader is to create conditions in which people with different agendas can unite behind a common purpose. Through their seminar readings and discussions, they saw that followers are motivated by leaders who hold out the promise of helping them to realize the things they hold most dear, that which they *value*.

The seminarians noted that this is tricky because, as they observed, not all people share the same values. In any society or organization, people will want different things, and that is the source of the disagreement, conflict, and misdirection that is rife in the world. Indeed, if everybody wanted the same thing, there would be no need for leadership at all: everyone simply would march off in lockstep in the same direction!

The seminarians were particularly impressed by reading what America's founders had to say on the subject of leadership. In *The Federalist*, James Madison wrote that the nation's leaders need to listen intently to the expressed desires of the public, but should not be prisoners to the public's literal demands (Madison, 1787-88). Instead, leaders in a democracy should “discern the true interests” and common needs of the people and then “refine the public view” in a way that transcends the surface noise of pettiness, contradiction, and self-interest.

The Aspen executives also read and discussed Theodore Roosevelt's 1910 "New Nationalism" speech, which gave them some insight into what Madison's words meant in practice (Roosevelt, 1910). In that speech, delivered in a Kansas cornfield, T.R. addressed the specific and legitimate interests and needs of industrialists, farmers, financiers, laborers, small business owners, and conservationists, showing equal respect for each of their competing values and claims. But he didn't stop there. Roosevelt then elevated the discussion by offering a transcendent vision of a good society that encompassed those conflicting values in a way that each group alone was unable to articulate from their narrower perspectives. He thus showed the nation the way forward by identifying the overarching values that the disparate, often warring special interests had in common and, in the process, he created a compelling vision of a better future than could be achieved by continuing conflict.

Significantly, Roosevelt did not spell out the particulars of how that would be done; instead, he outlined the basic conditions under which it could be done. He realized the key to implementation was the involvement and participation of all the relevant constituencies. Hence, the seminarians saw that the role of leaders is to help followers to focus on attaining ends that are good for them all. Ultimately, leaders must act, and that requires them to translate the cacophony of competing interests into a simple harmonious vision of a good end they collectively will seek. To cut through the complexity of diverse interests requires leaders who create transcendent, or overarching, visions that followers recognize as morally superior to their own narrow interests, while at the same time effectively encompassing them. Leaders create followers by allowing them to take the leader's dream as their own, because, in fact, it is their own. The seminar participants noted that this approach to leadership is particularly appropriate when followers are deeply divided by ideology, religion, and ethnic backgrounds. Significantly, many of the corporate leaders at the seminar noted that this approach is also the most effective way to lead complex business organizations in turbulent environments.

The basic lesson learned in the seminar was that people will only follow leaders who manifest the ability and willingness to take them where they want to go. What the Aspen seminarians were learning indirectly was that effective leaders set aside the culturally conditioned "natural" instinct to lead by push and — particularly when times are tough — always to adopt the "unnatural" behavior of leading by the inspiring pull of common values. It was remarkable that this was what the participants were taking away from the seminar because that was not the message it been designed to convey. Nonetheless, I duly reported to the President of the Aspen Institute that the Executive Seminar, in fact, was about "Values-Based Leadership."

I subsequently moderated nearly seventy Aspen leadership seminars, and wrote several related books, and I now see that all those efforts focused on describing what values-oriented leaders *do*, and not on defining what Values-Based Leadership *is* (O'Toole, 1995). I think the reason why I failed to define it is that I couldn't! While I know it when I see it, I find I still can't define it concisely and unambiguously. Nonetheless, below I attempt to hone in on a definition by way of 1) distinguishing it

from other forms of leadership, 2) citing examples of leaders who practice (or practiced) it, and 3) identifying its unique characteristics.

## What It Isn't

There are at least ten major theories of leadership, most of which are distinct from the others. These are enumerated below along with brief descriptions (and parenthetical reference to the names or disciplines of scholars who often are associated with advancing, or describing, each perspective):

1. **Biological:** "The leader has the most testosterone." (Bio-sociologists, primate behavioralists)
2. **Power:** "Might makes right." (Thucydides, Hobbes)
3. **Paternalism:** "Rule by the brightest and most virtuous." (Plato)
4. **Contingency/Situational:** "It all depends: leaders do whatever it takes." (Machiavelli, Spencer, Gary Wills (Wills, 1994), business school social scientists)
5. **Great Man:** "The hero as leader; it's about personality and charisma" (Carlyle, Weber)
6. **Transactional:** "Followers act in their self-interest." (economists, political scientists)
7. **Cognitive:** "Leaders lead by ideas." (Marx, John Gardner (Gardner, 1989))
8. **Transformational:** "Leaders are moral agents and enablers of followers." (James MacGregor Burns (Burns, 1978), Ronald Heifetz, 1994))
9. **Shared:** "Leadership is a team sport." (Center for Effective Organizations (O'Toole, 2002))
10. **Servant-Leadership:** "Leaders help followers achieve their goals." (DePree, 1989)

At first glance, one is tempted to say that Values-Based Leadership has little or nothing in common with the first five forms listed above. But that conclusion needs to be hedged: (#3) paternalistic and (#4) situational leaders might well appeal to values as a way of attracting followers. And distinguishing Values-Based Leadership from the subsequent five forms is even more problematic: for example, that most manifestly values-based of all leaders, Mohandas Gandhi, (#6), appealed to the self-interest of his followers, (#7) advanced ideas ("saraj" or, self-rule), (#8) was a moral agent and enabler of his followers, (#9) shared leadership (with Jawaharlal Nehru and Mohammed Ali Jinnah, among others), and (#10) created the conditions under which his followers could achieve their goal of independence.

Those complications aside, we might nonetheless be able to draw some analytical distinctions between values-based, on the one hand, and the other forms of leadership, on the other. For example, Values-Based Leadership isn't necessarily about (#8) transforming or changing anything or anyone (although it might be), nor is it necessarily (#9) a group or shared activity (although it can be), or limited (#10) to

serving followers (but it usually entails that). While this kind of analysis may be helpful in demonstrating that it is a distinct form, it fails to distinguish it uniquely from the others on the list. In essence, then, while values-based leadership is different, and different in many ways, from each of the other forms of leadership, it often shares certain things in common with the others, so I am not sure how helpful this exercise is.

### Who Practiced It?

Absent clear differences with other forms of leaders, we might still be able to close in on a definition by identifying individuals who clearly practiced Values-Based Leadership and then identify the characteristics that differentiate them from other types of leaders. For example, spiritual leaders might be seen as exemplars of Values-Based Leadership. Certainly, Moses, Zoroaster, Gautama Siddhartha, Jesus of Nazareth, and the prophet Mohammed all offered their followers paths to realize the highest of human values. Nonetheless, I would argue they weren't values-based leaders because they each advanced their own visions as "the truth," or the "true path," and did not attempt to include those outside their fold, nor did they accept the legitimacy of those with different values. Hence, I would place these exceptionally virtuous men in the category of (#3) paternalistic leaders who know what is best for their followers.

In the secular realm, and in modern times, such leaders as the Ayatollah Kohmeini, Mustafa Kemal Ataturk, Indira Gandhi, Deng Tsiao Ping, Ho Chi Minh, Jomo Kenyatta, and Julius Nyerere all displayed undeniable elements of Values-Based Leadership when they helped their people to realize their goals and aspirations – but they did so inconsistently, and often resorted to the use of power when followers resisted, or objected, to their rule. Some of these leaders thus were in the categories of (#5) "great men," or (#6) situationalists, but their essentially undemocratic stances and disrespectful behavior toward their adversaries distinguish them from values-based leaders.

In this country, Presidents Washington, Jefferson, Madison and the two Roosevelts clearly were, from time to time, values-based leaders, and the same could be said about Winston Churchill, Charles de Gaulle, and Golda Meir in other democratic lands. But the careers of each of those leaders were marked with enough pragmatic inconsistencies that I conclude they fit better in the (#6) transactional, (#4) situational, or (#10) servant-leader categories. And more recently, Margaret Thatcher may have been the most effective (#8) transformational leader of a democracy in our era. Agree with her goals or not, undeniably she transformed Britain, destroying its rigid social class system and inculcating an entrepreneurial ethic. She was always true to her beliefs: as she said, she always was willing to change her strategy, tactics and programs as the situation dictated, but change her principles? "Never!" But to be a true values-based leader is always to act on the behalf of one's followers, and that was not her wont. Nonetheless, she and the other democratic

leaders mentioned in this paragraph demonstrate that one need not be a values-based leader to be considered a great one.

### **The Characteristics of Values-Based Leaders**

In my view, there is only a small set of leaders in addition to Mahatama Gandhi who always did all the things values-based leaders do: among them, Abraham Lincoln, Martin Luther King, Jr., Nelson Mandela, Vaclav Havel, Mother Teresa, Eleanor Roosevelt, and Jean Monet. Perhaps by identifying the common and unique characteristics of these individuals, we can take a step toward defining their special form of leadership. For starters, it is manifestly clear that the individuals on this short-list were not driven by the desire for wealth or power. Their leadership was not about *them*: not about realizing their personal needs for status, fame, or ego satisfaction. Instead, their actions were based on helping their followers realize *their* true needs. These leaders consistently acted on behalf of their followers, seeking to provide the conditions and resources those constituencies couldn't provide on their own. The importance of this servant-leadership quality has been identified by many observers, but what is most unusual about these leaders is the consistency of that behavior: unlike paternalistic leaders, they never sought to impose their personal agendas on their followers; unlike situational leaders, there was a complete and predictable integrity to all their actions; unlike transformational leaders, they did not seek to change their opponents (their every action demonstrated respect for their followers and enemies alike). And they each displayed a high degree of selflessness. That does not mean they were without ambition, but rather their ambition was of an unusual sort: they found personal satisfaction and fulfillment by providing the opportunity for others to realize their goals and potential.

Most singularly, these leaders differed from those in the other nine categories in terms of the clarity of their values. Gandhi never spoke without reference to the dignity of all men and women; and he made it clear that non-violence was his highest value, higher even than his practical goal of Indian independence. Gandhi could negotiate and compromise with the British — for example, he stood by them during World War I — but when engaging in the necessary transactions required in practical affairs, he made certain that those small acts were consistent with, and in service of, his highest values. Similarly, Jean Monet spent years negotiating quotas and prices for steel and coal while founding the European Common Market, but he never lost sight of the ultimate purpose of such acts: the creation of a lasting peace in Europe.

Of course, the danger of defining Values-Based Leadership in terms of the characteristics of such rare individuals is that the vast majority of leaders, and potential leaders, will feel excluded. If we are honest with ourselves, most of us will recognize that we lack the unique integrity of a Gandhi, the clear and steady vision of a Lincoln, and the selfless virtue of a Mother Teresa. So why should we aspire to the heights if we know we are only going to end up disappointing ourselves and our followers? But, in fact, a reading of the biographies of those exemplary leaders reveals that each has had numerous flaws and common human frailties. They were, in fact, imperfect like the rest of us. Indeed, each had to learn to lead, learn to

overcome or compensate for their weaknesses and, especially, to learn to discipline themselves to serve others. As their biographies show, values-oriented leaders learn to lead by reflecting honestly on their experiences, in particular, on their failures. I believe the lesson to draw is not that such great leaders are perfect humans but, instead, that almost all people are capable of becoming values-based leaders — and effective ones — if they choose to do the hard work entailed. Clearly, few leaders will become as great as the exemplars cited above but, in reality, very few leaders will ever face circumstances where they need to be among the greatest to succeed.

### Workaday Examples

It is a long way from the grand stages on which Gandhi, Lincoln and Mandela led to the quotidian concerns and common platforms of business leadership. But even in the practical world of commerce it is possible — with a little effort at translation, and a large commitment of dedication — to practice Values-Based Leadership. Elsewhere, I have identified four retired business leaders who I would put on my corporate Mt. Rushmore: Max DePree, Robert Galvin, James Houghton and Jan Carlzon (O'Toole, 1995). There are also contemporary CEOs who I think will make the grade when they retire, including Starbuck's Howard Schultz, Costco's Jim Sinegal, and Whole Food's John Mackey.<sup>1</sup> In fact, it is a lot easier to be a corporate values-based leader than it is to be one at the national level. The overarching and unifying values that business leaders cite — product quality, customer service, organizational excellence — may not be as lofty as the political values of liberty and equality, but they can be every bit as important to the lives of followers. Selfless corporate leaders who put respect for their followers ahead of their own needs for fame, power and wealth can be as virtuous in their own small domains as values-based political leaders are on grander stages. The difference is in degree, and not in kind, between the business leader who creates the conditions under which all of her employees can develop their potential and the political leader who uses public policy to do the same.

### A Definition?

Somewhere in what I have written above, there may be a definition of Values-Based Leadership, but I must admit I can't put my finger on it. Perhaps this shouldn't be surprising in light of the fact that Peter Drucker (another one of my teachers), said he couldn't even define the term leadership. Failing to do so, he would instead ask his students, "What do all leaders have in common?" Their answer: *followers*. "And thus," he would conclude, "the role, task, and responsibility of all leaders is to create followers." While this insight may not sound helpful to a search for a definition of Values-Based Leadership, I believe it is. Unique among all forms of leadership, values-based leaders create followers by enabling them to see clearly, and to achieve effectively, that which they hold dear. Absent a definition, we can at least say that the role, task, and responsibility of values-based leaders is to help followers realize the most important ends that they hold dear but cannot obtain by themselves.



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## Author Biography

James O'Toole is Daniels Distinguished Professor of Business Ethics at the University of Denver's Daniels College of Business. He has written fifteen books and over a hundred articles in the areas of leadership, ethics, corporate culture, and philosophy. His books include *Leading Change*, *The Executive's Compass*, and *Creating the Good Life*.

O'Toole received his Doctorate in Social Anthropology from Oxford University, where he was a Rhodes Scholar. He served as a Special Assistant to Secretary of Health, Education and Welfare, Elliot Richardson, as Chairman of the Secretary's Task Force on Work in America, and as Director of Field Investigations for President Nixon's Commission on Campus Unrest. He won a Mitchell Prize for a paper on economic growth policy, has served on the prestigious Board of Editors of the *Encyclopedia Britannica*, and was editor of *The American Oxonian* magazine.

At the University of Southern California, he held the University Associates' Chair of Management and served as Executive Director of the Leadership Institute. He has been editor of *New Management* magazine and Director of the Twenty-Year Forecast Project (where he interpreted social, political, and economic change for the top management of thirty of the largest U.S. corporations). From 1994-97, he served as Executive Vice President of the Aspen Institute and more recently as Chair of Booz Allen & Hamilton Board of Academic Advisors.

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