

# Enron and the Ethical Choices We All Face

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It is far too easy to wag a sternly disapproving finger at Enron executives whose unctuousness was exceeded only by their avarice.

It's tempting to condemn the cabal of conspirators -- within and outside the company -- who brazenly schemed to phony profit reports and deceive investors (resulting in a financial collapse that deprived shareholders of \$80-Billion USD in market value).

It's especially inviting to assail the integrity or competence of Enron CEO Kenneth Lay: If he knew, he's a scoundrel. If he didn't, he's a terrible chief executive.

And it is just as easy to dismiss Enron executives' contemptible, possibly criminal, behavior as extraordinarily aberrant. But carrying on like a sanctimonious critic is a terribly self-deceiving mistake for the rest of us to make.

## **ENGINES BEHIND THE ACTIONS**

Earl Nightengale, the late dean of the self-improvement movement, once observed that, "No matter what's going on, someone is behind it." His point was that each of us can make a difference by making a positive contribution by how we choose to live our life.

But when it comes to life inside organizations, there's both an important extension of Nightengale's point and a dark corollary on the flipside of the coin. Consider this variation on Nightengale's theme: Behind everything going on in an organization---remarkable or mundane, constructive or criminal---there are *several* people behind it.

In today's complex, interdependent world, almost nothing that goes on in an organization large or small happens as the result of lone effort. Organizational life, just about by definition, is not a solo sport. No one pays an invoice alone, or plans an advertising campaign alone, much less sets up bogus subsidiaries to hide undesirable financial conditions alone.

The now glaringly obvious ethical lapses at Enron are merely grossly magnified versions of smaller lapses that accumulated over time. And many of those errors in judgment likely didn't seem like such a big deal as a single act; and they probably were made by what were otherwise good people.

So the cautionary tale is this: Many good people frequently face little ethical dilemmas along the way of dutifully serving their organizations, including you.

## **FOR WHOM THE BELLS TOLL**

The Enron executive escapades are mere exaggerations of little compromises and white lies and mostly defensible stretches of the rules that so many of our organizations make every day. Self-justification lends itself to self-deception and eventually to self-destruction.

The path to a catastrophic collapse starts with tiny missteps. A little slight here, a fudge there. Then, building easily enough, one cheat. Then another. Little lies beget bigger ones. And then cover-ups. And more and more lying... Until that's all there is. Until the dramatic collapse.

And it all starts so easily; with justifiable actions that arguably do have good intentions behind them.

### **LEADERFUL ACTION STEPS**

Don't become an unwitting co-conspirator in shady dealings. Here are six steps to maintaining your ethical integrity when those around you seem to be skimping on theirs.

1. Watch for signs of ethical trouble. These include:
  - a. Directives that violate the organizations own policies.
  - b. Orders to keep an action secret.
  - c. Requests to "do it this way just this one time," or to "do it for the good of the organization."
  - d. Pressure to mislead, lie, cheat or steal; or to change, falsify, hide or destroy documentation; or to keep no records of something that ordinarily should be documented.
2. Listen to the voice of doubt in your head. If you get an uncomfortable feeling with a directive or request (or a course of action that you are contemplating), heed the hesitation. If, even for an instant, you think you might be crossing the ethical line, ask yourself: Would I be embarrassed if this action came to light? Would I feel cheated or harmed if I were on the receiving end of this action? Then move to Step 3.
3. Ask (your boss, your colleague, yourself) directly about the ethical soundness of a pending action that strikes you as questionable. "This seems to be an unusual course of action. Is this ethical?" Or, "For some reason, I get an uncomfortable feeling about this. Isn't it misleading / shady / dishonest?" "If this truly is an ethical action, why am I uneasy about it?"
4. Decide, thoughtfully with great awareness, whether the proposed course of action meets the ethical standard by which you want to conduct yourself and be known for. Reject self-justifying and destructive platitudes such as: *Go along to get along. The ends justify the means. Everybody does it. Just this once. It really doesn't hurt anyone.* And other deceptions.
5. Act in accord with your decision. Proceed without reservation. If in doubt, don't. If you act against your better judgment, you'll regret it. And when you stop regretting it, you'll be a lesser person. And you'll know it. And hate yourself for acting against yourself. You'll be more stressed (keeping track of lies, covering up actions, being constantly on guard---all take a great deal of energy). And the quality of your relationships will suffer. You'll be more guarded, more withdrawn, and less trusting. It's darned difficult to be genuine with others when you feel disingenuous yourself.
6. Live comfortably with the consequences of your choice. When faced with an ethical dilemma, there likely are difficult consequences to whichever way you decide to go. So choose to take the high road. While it is the steepest at the beginning, it's the least stressful and most fruitful path over the long haul.

### **~~~~PARTING THOUGHT~~~~**

Ethical choices hang in the balance of nearly every decision and action made in an organization. Once you weigh in on the wrong side of the ethical fulcrum, you irrevocably tip the scale. And once tipped, piling a little bit more and more onto the dark side is at first easy and then seemingly necessary--- until the scale collapses under the burdens you've placed on it. Don't get trapped. Act by choice, even if that is very, very hard at the moment. You'll never regret having no regrets. Lead On. Lead Well. Lead by Design.