Experiential Exercise

What Is A Leader?

1. Working on your own, write down 12 adjectives that describe an effective business leader.
   Guide: Ethical, trustworthy, intelligent, benevolent, knowledgeable, confident, aggressive, honest, truthful, consistent, diverse-thinking, critical thinking, analytic, charismatic, risk-taker, entrepreneur, influential, persuasive, visionary, sensitive, observant, open listener, active communicator. These are among the adjectives that the students may define.

2. Break into groups of four or five people each. Appoint a note-taker and spokesperson. Compare your lists, making a new list of adjectives common across two or more persons' list. (Count synonyms—decisive and forceful, for example—as the same.)
   Guide: These lists should comprise adjectives that showed up more than once in the set of responses. It is possible that more than 12 adjectives will appear on this list. Come to a consensus about the top 12 adjectives on the group list.

3. Each spokesperson should present the group's list to the class.
   Guide: Each group should prepare an A/V showing its list. Students viewing the presentation should compare their group lists.

4. Across the lists, are there many similarities? What does this tell you about the nature of leadership?
   Guide: Many similarities in selected adjectives will be present. But, there will also be many differences. This suggests that the concept of leadership is very broad and is dependent on many Frames of Reference differences among group members. It also suggests that the process of acquiring leadership characteristics is on requiring a long period of experience and training, that it cannot be acquired in a short time on in one training session.

Ethical Dilemma

Whole Foods' Rahodeb

Whole Foods, a fast-growing chain of upscale grocery stores, has long been a Wall Street favorite. It regularly appears on *Fortune*'s list of *100 Best Companies to Work For* (it was #22 in 2008) and has spawned its share of competitors, including Fresh Market, Trader Joe's, and Wild Oats.

Given most industry analysts see a bright future for upscale organic markets like Whole Foods, it's no surprise they have attracted their share of investor blogs. One prominent blogger, "Rahodeb," consistently extolled the virtues of Whole Foods' stock and derided Wild Oats. Rahodeb predicted Wild Oats would eventually be forced into bankruptcy and Whole Foods' stock price would grow at an annual rate of 18 percent. Rahodeb's Yahoo! Finance blog entries were widely read because he seemed to have special insights into the industry and into Whole Foods in particular.

Would it surprise you to learn that in 2007, Rahodeb was exposed as Whole Foods' co-founder and CEO John Mackey? ("Rahodeb" is an anagram of "Deborah," the name of Mackey's wife.) What's more, while Rahodeb was talking down Wild Oats' stock, Whole Foods was in the process of acquiring Wild Oats, and deriding the target may have made the acquisition easier and cheaper. Because the companies often have stores in the same cities, the Federal Trade Commission (FTC) attempted to block the acquisition and was responsible for "outing" Mackey. In March 2009, Whole Foods agreed to disgorge 31 of the Wild Oats stores it had acquired, drop use of the Wild Oats name, and undertake other actions that nullified the benefits of the acquisition.

Mackey lamented the debacle—not his secret blogging, but the Wild Oats acquisition. He said, "We would be better off today if we hadn't done this deal – taking on all this debt right before the economy collapsed." By 2008, Mackey was blogging again, under his real name. His posts are neither as frequent nor as interesting as Rahodeb's.

Do you think it is unethical for a company leader like Mackey to pose as an investor, talking up his or her company's stock price while talking down his competitor's? Would Mackey's behavior affect your willingness to work for or invest in Whole Foods?

:Based on T. W. Martin, "Whole Foods to Sell 31 Stores in FTC Deal," *Wall Street Journal* (March 7, 2009), p. B5; M. Fraser and S. Dutta, "Yes, CEOs Should Facebook And Twitter," *Forbes* (March 11, 2009), http://www.forbes.com/; D. Kesmodel and J. R. Wilke, "Whole Foods Is Hot, Wild Oats a Dud—So Said 'Rahodeb,'" *Wall Street Journal*, July 12, 2007, pp. A1, A10; and G. Farrell and P. Davidson, "Whole Foods' CEO Was Busy Guy Online," *USA Today*, July 13, 2007, p. 4B.

1. Do you think it is unethical for a company leader like Mackey to pose as an investor, talking up his or her company's stock price while talking down his competitor's?

   Answer: Publicly traded stock is traded on the philosophy of free and open information. A person or firm that places information into the market without properly identifying itself is unethical and contrary to Securities and Exchange Commission rules. Mackey's actions were totally designed to artificially alter the value of Wild Oats to the advantage of Whole Foods. This behavior is irresponsible.

2. Would Mackey's behavior affect your willingness to work for or invest in Whole Foods?

   Answer: The answer to this question will depend on the student's ethical structure.

Students who say they agree with Mackey's actions show lack of high ethical position. These students will likely say that they would work for Whole Foods because the actions of Mackey don't have an effect on the performance of their jobs. This is a dangerous position for the individual because trust of Mackey should be out the window. If he is willing to compromise one component of his management authority, then he is likely to compromise others, including those that affect employees. Or, more potentially serious is that employees may believe they must perform unethical, or even illegal, behaviors to be successful in the company.