

## **Dirty Sexy Business and Connecting the Dots**

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### **Introduction**

I was intrigued by a sentence in the letter from your esteemed colleague Michael Naughton inviting me here today. It said: "The vocation of the Business person; What is the role of business education at Catholic universities in forming business people? We would like you to speak about your own experience of formation at a Catholic university and what you see as the role of Catholic business education today."

The word which caught my eye was the word "formation." Quite frankly, prior to my intense spiritual journey, which only began 18 months ago, I had never actually heard the word "formation" in the context of education, much less business. If the word had ever crossed my path, it was relating to education for the priesthood. It was easy to dismiss it from my consciousness as irrelevant to me or my life's work.

To fulfill my assignment, I'd like to talk to you today about two themes in connection with "business formation": Dirty, Sexy Business and Connecting the Dots

My approach will be to tell you what you most likely already know, but from a businessperson's perspective and in a very personal context. So first, a little about myself and how I got here so that you can have some frame of reference for my remarks.

I graduated from Holy Names University with a degree in History, and received an MA in History from San Jose State University, with the intent of becoming a history professor. I took a break in between what I thought was to be my straight path to a PhD and a teaching career. The break happened because my husband at the time decided to pursue an MBA at Stanford and it fell to me to support the family, including our two children. I got a job as an in house sales person for Scientific Products and it seemed to go reasonably well. When I asked for a field sales position I was told that no one would buy scientific products from a women. This was the early '70's and the beginnings of the women's lib movement. The fact that I had closed a couple of million dollar deals on the phone and had handed them to my assigned sales rep for him to receive the commission, didn't seem to persuade management that engineers would buy from a women. It was only when I gave notice that the sales position was offered to me.

While working at Scientific Products, I also served as the Chairman of the Stanford Business Wives Continuing Education Committee and one of my tasks was to network job openings among the Stanford community. A job opening came through for an assistant to the President of a small advertising agency in Palo Alto. It sounded more interesting than what I was doing, and since my prospects for advancement had been shut down, I applied. I got the job and things went well enough quickly enough that four months later the President appointed me General Manager and went off to Sacramento to

become a marketing manager for another company. Nine months into my job he asked me to start another office. Since starting another office in another town would essentially be starting a business from scratch I thought I a tiny bit of equity would be appropriate. The owner of the agency disagreed.

At the time, I was also helping my husband with his papers and I found that I liked working on his cases for Business School. Running the agency appealed to me and my efforts seemed to be quite successful. Since I had learned about writing business plans from my husband's classes, I wrote one, figured out how much capital I needed, and quickly raised it. So, I gave my notice, told my boss that I would stay as long as he needed and would hire and train another G.M. He didn't take me up on it. On New Year's day January 1973, we moved furniture into the office of my new ad agency. The agency went on to garner a national reputation with clients like Sony and Hewlett Packard, among others, many industry firsts and awards and was eventually acquired by what was then the 6<sup>th</sup> largest agency in the world. My history professor career path had been happily abandoned.

A couple of years after starting what became Winkler Advertising, I enrolled in the evening MBA program at Santa Clara University in order to take some accounting courses which I felt I needed to run the agency. Then I took some marketing course, then some finance courses. The courses were always in the order in which I thought I needed something for the business. Eventually I realized I was half way through so I might as well continue on and get my degree, thinking the credential might come in handy some day.

My MBA provided me useful tools to manage the business. It provided me with a business language which allowed me to communicate successfully with business colleagues—clients, (especially the CEO level), vendors, board of directors, bankers, investors. It provided me with useful metrics for success, predominantly financial, but also some social and some qualitative.

My MBA, however, did not "form" me as a person, as a business person, or for business as a vocation. For my formation, I would have to credit my Catholic parents, who taught us that character and culture were important, not material things. They laid a strong foundation of habits of both the heart and mind. My Holy Names University education re-enforced what my parents instilled. Connecting the dots to business was left to my own devices and the greater graces that I surely must have received, though I did not recognize them at the time. I spent a lot of my business career moving through challenges and making decisions often opposite to conventional wisdom. This left me feeling a contradictory mix of confidence and unease. I was confident in the way I was handling things and the unease came from not understanding why I was confident and how could I be with little experience. I think that if someone had helped me connect the dots between confidence and gifts earlier in my life I may have felt less of the unease and perhaps would have made more consistently better decision

I received my MBA 25 years ago, so surely things must have changed in that time, haven't they? As a business observer, however, running a business, serving on Boards of Directors and as a trustee of Santa Clara University, I feel that while there has been progress, on the whole, they have not. So, why not?

You have identified a number of issues in your papers. I would like to focus on the two themes that stand out most for me from personal observation and I call these Dirty Sexy Business and Connecting the Dots.

### **Dirty Sexy Business in the University at Large**

One of our daughters called me recently to tell me that our youngest grandson was going to be a featured extra on the season premier of a TV show called "*Dirty, Sexy Money*," It stars Donald Sutherland as the patriarch and Jill Claybourne as his wife. How many of you have heard of this show? How many of you have seen any episodes? Well, it premiered last year and it is about an absurdly wealthy and very dysfunctional family and the young idealistic attorney who sweeps up after them. It's a pretty interesting blend of both the corrupting power of money and business and the power of money and business to do good.

The call from my daughter came at a very good time, as I was struggling with how to present my thoughts to you today in some coherent fashion. The difficulty I was having centers around the conflicting and contradictory feelings I see around me about business and its role in the making and using of money. The title of this TV show, *Dirty, Sexy Money*, mirrors society's push-pull to money, power and the good life that business brings. And specifically germane to this conference, it mirrors Catholic higher education's ambivalence to the same, but I would argue, in an even more concentrated form in a university setting. Dirty Sexy Money can be just as easily Dirty Sexy Business.

On the one hand, Business is Sexy in the University setting.

Business Schools are important to institutions of higher learning. Statistics show that 23% of the degrees granted in the US in 2005 were Business degrees. Business schools, especially MBA programs, bring substantial revenue to the University. Business school alumni are typically in the best position to make significant donations to their alma mater during their lifetimes, because they make more money than many other occupations. Business schools anchor the University within the corporate community and provide ties to resources and influence favorable for the University. Frankly, for good or for bad, business does make the world go around. The corporation is one of the only truly global institutions that can cross geographic boundaries and cultures and has enormous power to influence the quality of life of all of the communities in which it operates. At some level, the Catholic university understands this, though uneasily. So, business is sexy.

On the other hand, Business is Dirty.

There appears to be an ambivalence towards business and business schools in Catholic institutions. I have heard liberal arts professors teach students that capitalism is bad, pointing at the uneven consumption of the world's resources and the disregard for the world's poor. Sometimes this point of view is subtly communicated in the choice of a reading or a discussion. Sometimes it is a blatant pronouncement by the Professor. Globalism is often presented as evil—it exports capitalist values (read bad) and exploits the underprivileged.

It is interesting to me that when speaking of business in a liberal arts context the conversation is generally about big business and its excesses: Its negative impact on the environment, the exploitation of workers, the disparity of pay between management and the rank and file, ethical lapses, and the list goes on. Certainly newspaper headlines support this view.

But what about the taco stand on the corner? The neighborhood dry cleaner? The copper pipe manufacturer who employs 300 people in town? The bio tech company that invents a superior heart valve? What about micro lending? Micro lending is pure business—and it is a powerful example of the ability of business to lift people out of poverty, to give them self sufficiency, to provide dignity to their lives. This view is sometimes given short shrift.

I am currently Vice Chair of the C200 Foundation. C200 is an invitation only organization of pre eminent women CEOs. Our mission is to foster, celebrate and advance women's leadership in business. C200 co-sponsored a survey a couple of years ago among teenage girls and their attitudes to business. The big finding was that overwhelmingly the girls wanted to make a difference in the world, and overwhelmingly they did not see business as a way to do it. They were impacted primarily by the negative press of big business excess and they also often mentioned the negative effects on the family of their parents' jobs: Too much stress, layoffs, time away from the family, to name a few.

When the girls were exposed, however, to the stories of C200 women's struggles and successes through organized visits to campuses and conferences, called the Outreach program, many changed their minds and became excited about having a career in business. Through the modeling of the C200 women, they were able to put a face on business. They saw that perhaps the stresses their parents were experiencing might be coming from the fact that the parents didn't see their work as important beyond the paycheck. They were also able to see the connection between doing much societal good through the way that the C200 women managed their companies and the philanthropic work they were doing as well. It was amazing to me, participating in the day long Outreach, just how much impact one day can have in connecting the dots between life, work and business.

Just as our teenage girls demonstrated, conversations about careerism and materialism and its negative effects can be confused with an outright condemnation of business life and success by students with little life experience. Conversely, lacking personal experience in the world of business, that frame of reference is often not clearly presented by Professors whose life's work and gifts lie in different areas. Even scriptures and the pulpit get involved. A recent review of the book, Faith in the Halls of Power in America magazine caught my eye. It was speaking of evangelicals in power and talked about their distancing themselves from the ' "eye of the needle" story as the true measure of their chance to reach heaven.' This was presented as a criticism of their behavior implying that being powerful was somehow unholy.

There are numerous scriptural references to the rich and their difficulties with heaven which are alluded to in the classroom and talked about in the university chapel. We hear about the evils of riches and the

negative effects on our souls, but little about poverty of spirit and what that really means. My own solution to the dilemma was similar to that of the evangelicals—just ignore the whole issue.

My work life could, perhaps, have been a richer experience had I developed a deeper understanding early on.

### **Dirty Sexy Business in the Business School**

Now let's now take a look at the Business school itself. The dots don't seem to get connected here either.

My husband and I traveled to Spain this past April with 2 of our grandchildren. We had a little insight in a Plaza in Cordoba when we came across a statue of Seneca. As you may recall, Seneca was a famous Roman Consul, Stoic and tutor to Nero. What I didn't recall was that Seneca is considered one of the greatest philosophers of Spain, having come from Iberia. " Hence the reason for the placement of the statue.

One of his many points that still resonate today, was that "When money became important, other things became unimportant." I began to think about that in the context of my business career. Every major success seems to have started with an idea or a passion. Microsoft— a computer on every desk; Walkman—making music ubiquitous. Nike-- enabling athletics for everyone. These companies and the people involved made fortunes, not because money drove them, but because the idea, the passion, the love of what they did drove them. And the passion was a positive one—to make things better. In my own professional life, the company was very successful from a financial perspective, respected by its peers and appreciated by the employees. But when we worked, we focused on the challenge of introducing exciting new products and technologies that would change people's lives, and change industries. The reward was money, but the focus was always the work.

The predominantly Silicon Valley companies we served were also driven by passion, the passion of innovation. Parenthetically, it was mainly during the dot com bust that things changed and making money became a major driver. Coincidentally we had the greatest number of business failures during that period.

Yet what did I often hear professed in business school? It's about making money: Profit Maximization; return on shareholder's investment; the mechanics of making and counting money; the *techne* of making money as in your introductory paper. It's not necessarily wrong, it's just out of context.

The meaning of work in the context of a Christian life was missing. Using your gifts to do good was missing. The power of business to produce societal value was missing.

I think it was very helpful to me and my development as an executive, that I had already started a business before I began my MBA. My motivations were already in place. I liked the work and was good at it. Introducing new products, services and technologies that made people's lives better was a heady thing. Helping clients grow their business was rewarding. Treating my employees more generously than I

been treated was also fun. The skills and techniques I learned in the MBA program were just that—I already had a context into which to put them.

Discussions about the virtues that can be applied to the business world were also missing from my MBA program and possibly they are still missing today.

I spoke recently with a really terrific business school professor, someone very respected in his field. I asked him how he was working into the business school curriculum, the University mission of competence, conscience and compassion. His response was that competence was clearly demonstrated, and conscience was doing pretty well with the ethical component of the business curriculum, but he could not find any way to introduce compassion into a business curriculum. As a business person, this stunned me. As a business person I have been faced with business decisions and actions that involved compassion on a regular basis.

Here is a small example, of which I am not very proud. To this day I recall my first firing of a VP level person. I was 28 at the time and had to let go a man in his 40's with a family. My attorney advised me to take back his car right away as the company would be liable if he got into an accident. Being young and inexperienced at the time, I took my attorney's advice. I sent the VP home to his family in a taxi. What a humiliating decision I made. The risk to the company to let him have the car for a period of transition would have been minimal. The effect on his person and his family was huge. It should not have happened, and it would not, had I been more aware that compassion was a legitimate factor to consider in making a business decision.

I did learn my lesson, however, and handled things differently from then on. When faced with the task of removing people from their jobs for non performance, re structuring or downsizings I did apply compassion, and it improved the outcome of the business decision. When we had a significant downsizing, I talked with the company as a whole on why we needed to do this. I took the time to talk with each person individually. It took a couple of long and less than pleasant days, but it let each person leave with dignity. The majority thanked me and said they understood. It was a better decision from a compassionate point of view and it was a better business decision because people left without hating the company.

Contrast this to what happened to one of my daughters who was trying to finalize a loan just 2 weeks ago. She had all the paperwork done on Friday and had called on the following Monday to confirm the closing for that week.

As it turns out, the LA office had received a phone call from corporate on Friday that the office was closing that very day and that all employees were to leave immediately. Their paperwork was in the mail. No notice or transition for employees. No notice or transition for clients. Why did it happen? Because the focus was on stopping the bleeding in the LA office—not on the unintended consequences of the disruption to clients, employees, and vendors lives and businesses. The focus was on a financial decision without an integrated picture of the consequences down the line. This was a decision lacking in compassion and even fairness to employees, demonstrated poor customer service and was a bad

financial decision long term as well. The costs of probable litigation, loss of good will and loss of revenue due to confusion will likely easily outstrip the cost of an orderly transition planned with heart. This scenario for business termination is unfortunately all too common.

Compassion is just one of the virtues that has strong business application. There are many others, as you know. In my experience, the virtues are not only good for the soul, they are also good for the bottom line.

When we teach only the mechanics of making money then only money is important, and other things are unimportant simply out of neglect. If we want habits of the mind, we should also want habits of the heart and they need to be intertwined in the classroom to make the whole human being

So, can we create a frame of reference and help students connect business to the habits of the mind and heart?

It's not money itself that is bad—it's all in how you make it and what you do with it. It's not business itself that is bad--It's how you conduct business that makes it good or bad. Conversation about the big picture-- how a career in business integrates with a mission in students' lives, how to be a human being and a business person, to how make your life's work a service to others, how to maximize profit while keeping to the mission of the organization, how to make decisions in a framework of a Christian life -- that is what I mean by creating a framework of reference for discussion about business both in the Business School as well as in the Liberal Arts.

There is also a point to be made about when where the conversation needs to take place. I recall a lively debate at a Santa Clara Business School Advisory Board meeting some twenty years ago. The subject was ethics and how it should be treated in the curriculum. It was the business executives on the board, most of whom were not catholic by the way, who were insisting that a course in ethics was fine, but that ethics issues needed to be woven into every business class on an ongoing basis. These executives knew full well from practical experience, that you have to connect those dots, and that the teaching of ethics has to be "in the situation", integrated into the subject matter at hand.

I have found in my professional career, that connecting the dots is one of the hardest things of all for people to do. The tension between Dirty Sexy cannot be worked out in a parallel path. When spirituality, virtue, ethics are treated only as separate subjects and not woven into the fabric of business courses it become the student's challenge to integrate. And that is a difficult task for a student with little life experience. A good education, especially one aimed at "formation", must help the student connect the dots and interweave the mind and heart, just as the stories of the C200 women did for the teenage girls which I talked about a few minutes ago.

### **The World is Hungering for Permission**

Let me share some recent experiences. I spoke recently to the new Dean of Engineering at Santa Clara. He had come to us from Stanford University. Given Stanford's standing in engineering and our own, I

was curious as to what made him decide to leave a top tier research institution and join us, so I made an appointment and he answered me this way.

"I have," he says, "a question I ask the parents of incoming freshman. The question is -- What is the difference between fun and happiness?" His answer was "Fun is short term and ends when the stimulus ends. Happiness is long term and can include pain"—and he amplified, having children, for instance. He continued, "There is a 3<sup>rd</sup> part to the question that I could never ask at Stanford: What is the difference between, fun, happiness and joy? I could not ask about joy because it moved too much into the spiritual arena and it was just not PC."

His belief about engineering was that engineers were there to engage and serve people. He felt he could express that at Santa Clara, where at Stanford he could not. At Stanford you served yourself—with research and chasing money for research.

Even more importantly, he continued, "there are many people in Silicon Valley who like this aspect of a connection to service within the context of spirituality, but just cannot voice it, just like I could not voice it at Stanford. They have it in them, but dare not voice it. I want to help them express this in deeds, not just words."

A year or so ago my husband and I had the opportunity to speak to a number of MBA students who had just completed Andre Delbecq's course on Spirituality in Business given at Santa Clara. Their overwhelming regret? "I wish I had been able to take this course earlier." Nothing like this was offered in the undergraduate program. Many of the students, mostly 30 somethings, said this was a life changing course. My question is, why couldn't it have been a life forming course? Why can't something like this be offered earlier in the educational program, at the undergraduate level when students are still unformed as to their career aspirations?

As Chair of the Special Committee for a public company board on which I serve, we needed to set a board call for Sunday a couple of months ago. It was the Goldman Sachs folks who asked if it could be in the afternoon, as they like to attend Church with their families in the morning. On the last leg of a flight from Brazil, recently, I met a man from Washington who runs a \$10B union pension fund focused on building affordable housing. After exchanging some wonderful conversation on business, which led to business issues within a framework of spirituality in our lives, we meditated together for 20 minutes.

Now these are anecdotes. But statistics support this emerging hunger:

Church attendance in the US is up. Meditation as a daily practice is up-- Amazon has 163,400 books on the subject. Google spirituality in business and you get over 400 thousand hits. Of the \$25 trillion dollars under professional management today, one out of every \$9 is involved in socially responsible investing. Bill Gates is calling for Creative Capitalism.

Desire and acceptance are all around us now. Business leaders are increasingly searching for a more deeply informed way of looking at complex business issues. Students are hungering for a more

integrated career path—a life with meaning. And society is demanding that business be more socially responsible. *The Wind is at Your Back*.

Yet business schools, judging by comments and behaviors of graduates, are still tending to provide curriculum for technocrats—high end trade schools that I would venture to say, at best educate—but do not do enough about formation. From a purely practical point of view, formation of the business person based on Catholic values would be a tremendous differentiator. It may actually propel Catholic schools into leadership, certainly thought leadership, but also scholarly and reputational leadership.

If we were to teach business as a vocation and treat the educational process as formation we would be attuned to what people are hungering for in life anyway and we would be giving them the permission to align. Simply by talking openly about the issues, by starting conversations we already makes it easier. We can help students and even the wider business executive community to come to terms with business and money, the responsibility of how to acquire and how to use it and the power that comes with it both personally and professionally. Perhaps Dirty Sexy Business can become just Sexy Business.

My challenge to you—get in front of the parade before someone else does. Catholic Universities are particularly well suited to the concept of formation of the business person. The impediments to doing this are less cultural and societal today, and more structural within academia. It would be good to have the courage to remove them. The rewards could be fantastic.

### **So what might be some concrete steps to take?**

Permit me to suggest five today.

1. Rework the Harvard business cases and add in “how to serve people and change the world” to use my engineering dean’s words – and how to do it while taking care of all the stakeholders—investors, employees, customers, vendors, the community—the entire eco system of the corporation. A Capstone course is often one place where this integration takes place and this is good— but not enough and too late in the educational cycle. My personal experience and what I have heard from others is that the concepts need to be integrated into the various business disciplines
2. Provide service learning experiences for business students that incorporate business skills and are not simply immersion experiences separate from business disciplines. For example, I’ve often wondered why business schools did not have micro lending programs for their student participation. There would be much mutual benefit for very little money. Social entrepreneurship is another area in which students could participate with many different program designs
3. Appoint an Assistant Dean as Officer for Mission at the business school to assure that there is some focus on the challenge of formation. The business world has learned that if something is not actively managed, it just doesn’t happen.

4. Invite business executives into the conversation. As in the Ethics discussion with the Advisory Board example, the impetus for change in the business school might be accelerated by partnering with business executives associated with the University.
5. Create a more common vocabulary incorporating concepts from Catholic thought and tradition as applied to business education. This might serve to bridge the tension of Dirty Sexy Business in an ecumenical world.

In summary, I'd like you to walk away with:

First, an appreciation of Dirty Sexy Business and what you can do in your own classes and disciplines to help provide a framework of reference to deal with the inherent tensions.

Second, remember to connect the dots—don't leave it for the students to do. The habits of the mind and heart have to be intertwined. There must be some integration of curriculum.

Finally, from my business perspective, once you understand the issues, what's the plan? It's a good time for action. Formation is what is needed and I am convinced it will be a positive differentiator in the marketplace.

Doing the right thing, I've found, is also good business.