



SOCRATES COMES TO WALL STREET

THOMAS I. WHITE



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A (Post-meltdown) Dialogue on Business, Ethics and Leadership

Thomas I. White

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CHAPTER 1

When I turned around, he was no longer sitting in the chair by my desk.

I scanned the room and still didn't see him. He must have snuck out while I was looking out the window with my back to him. He probably thought he was teaching me something by leaving me going on and on with no one in the room to hear me. But he wasn't getting off the hook that easily. I still had a few questions of my own. So I stepped out of my office, expecting to find him standing there laughing at me.

Not there.

"Marie," I said to my assistant, whose desk is right by the door to my office, "Where'd he go? Is he coming back?"

--"Where'd who go?" she asked.

--"The guy I've been talking to."

Marie gave me a peculiar look. "Well, I heard you talking. But I figured you were on the phone. I only heard your voice."

--"No. The old guy in the blue suit," I replied. "White hair. Beard. He must have walked right past you."

--"I don't know who you mean," she said. "I haven't left my desk all afternoon and you're the only one who came or left." Now her expression went to something that looked like she wanted to ask, "Have you lost your marbles?"

I didn't know what to say. But the longer I said nothing, the more worried Marie looked.

--"Are you OK?" she asked.

--"Sure. I'm fine. Rough day," I stammered.

Grasping at straws, I said the first thing that came to mind. "I meant that after today's disaster, I asked Phyllis to arrange for some spin doctor to stop by to help me prepare for the hearing in Washington. He's supposed to be here by now. I forget his name. All I remember is she said, 'blue suit, white hair, beard.' Any sign of someone like that yet?"

--"Not yet," she said—obviously trying to pretend that she was buying my explanation.

--"Well, it's late. Why don't you start packing up to go home. I'm going to stay a little longer."

I went back into my office, closed the door and sat down at my desk.

So, what had happened? Was the whole conversation real or not? It couldn't have been real because Marie didn't see this guy arrive with me, and she didn't see him leave. Maybe it was a dream. But it felt too real to be a dream. My quantum physicist daughter is always saying that "reality's a whole lot stranger than we can imagine." Maybe this is what she means. Parallel universes? I'm willing to consider. Conversations with people who aren't there? I don't know.

But real or imagined, my companion had given me a lot to think about.

CHAPTER 2

We were the latest company to find ourselves in the crosshairs of the Feds, the media and our customers. The details of what happened don't matter. All that counts is that it was a "perfect storm" of bad news. Almost overnight, we'd become the company everyone loves to hate.

It was bad enough that I'm supposed to appear before a Congressional committee the day after tomorrow. But some comments I made earlier today were being played over and over on every news program and across the internet.

Here's what happened. As I walked out the door of my gym in my sweats, some reporter ran up and shoved a microphone in my face. Someone at the gym had tipped her off that I was there, and she was trying to get a scoop. So, with a cameraman at her side, this reporter asks, "Being hauled in front of a Congressional committee must be a new low point for you as one of the country's most prominent CEOs. How do you plan to respond to these charges? What's your defense going to be?"

OK, I was caught off guard and didn't stop to think.

--"Defense? What do you mean?" I said, virtually spitting out my words. "Look smart ass," I continued, in my most arrogant voice, "everybody knows that business is about making money. We didn't break any laws! We didn't lie, cheat or steal! We didn't do anything wrong!" Then I turned my back to her, got into the back seat of my Mercedes limo, slammed the door and told my driver to take off.

It wasn't my proudest moment. I lost my cool. And 5 minutes later, it was on CNN. The video went viral almost immediately. There I am in my sweats insulting a young, professionally attired reporter. We're toe to toe, and I'm 6 inches taller than she is yelling down at her. I look like a jerk—over and over again for millions of people to see.

But she *did* have it all wrong. I'm not being "hauled in front" of the committee; I'm testifying voluntarily. There are no "charges"; I'm going to answer questions. And I don't need a "defense" because I haven't done anything wrong.

At least I recognized immediately that I'd messed up and that it was going to be a public relations disaster. So as soon as I got into my limo, I called Phyllis, our head of PR, explained the situation and told her I needed her to find me a "spin doctor." I needed to talk to someone who could keep me from saying something stupid in Washington.

So you can't blame me for thinking that the guy in the midnight blue Armani suit waiting for me in front of company headquarters was the consultant Phyllis had contacted. OK, I should have been amazed that she'd have someone there only 30 minutes after we talked. But I've gotten used to her doing the impossible. And then as I got out of the car, he stuck out his hand and said, "I gather you could use my help." Who else would he be?

I returned a couple of calls as we made our way through security and up to the top floor. As the two of us went into my office, I said, "Marie, I'm going to be in conference and don't want to be disturbed."

--"So, there's coffee, tea and bottled water over there," I said, pointing to the antique mahogany sideboard on the other side of the room. "Let's get down to business."

"I have to say how impressed I am that you got here so quickly," I continued as I sat down behind

my desk, rearranging some files to clear some space. “I assume you saw that disastrous interview. But my real concern is the Congressional hearing. As you know, we’re getting hammered in the press, and now there’s talk of investigations. I want to find a way to get the heat turned down on us. We’re having trouble getting our message heard. That’s why we need your help,” I explained.

“I really screwed up in that interview,” I conceded. “I admit it was stupid to call the reporter ‘smart ass.’ I know it’s no excuse, but I felt bushwhacked. I didn’t expect to be answering questions about this stuff right after a workout. But I really meant what I told her. Business is about making money. We didn’t break any laws, lie, cheat or steal. We didn’t do anything wrong.

Because our problems have been the lead story for the last few weeks, I assume you’re familiar with the main facts. I can have someone fill you in on the details tomorrow if you need that. But right now, I need your advice about how to spin this—especially in a couple of days in Washington. I told Phyllis to get me the top person. So I’m sure you’ve had experience with this sort of thing.”

While I was talking, my companion sat and listened carefully. But the longer I went on, the stranger his expression became. First, he looked puzzled. Then, he looked amused.

--“I think there’s been a misunderstanding,” he chuckled. “I’m sorry about laughing. I don’t mean to minimize how serious your situation is. But I’m not who you think I am.”

--“OK, so maybe you’re not the *absolutely* top guy. I know this was a last minute thing,” I replied. “But Phyllis wouldn’t have called you if she wasn’t sure you know what you’re doing. . . . So, what do you think? How do we play this?” I asked, grabbing a pencil and pad of paper to take some notes.

--“Really. I’m not who you think I am,” he repeated. “I’m not a ‘spin doctor.’ I haven’t a clue who Phyllis is. I’m not here because of any phone call.”

I wasn’t thrilled to hear this. I’d just escorted some total stranger I met on the sidewalk through security and all the way into my office. The press—not to mention my board—would have a field day with this.

“So, if you aren’t who you’re supposed to be,” I asked, putting down the pencil, “who are you? And what are you doing in my office?”

--“Well, I may not be a spin doctor, but I am someone who can help you,” he explained. “That’s why I’m here. I’ve been reading about your problems and thought you could use a hand. I didn’t see that latest interview. But it sounds like you need my help even more than you did before,” he said seriously.

While I admired his initiative, this isn’t how I do business. “Look,” I said, “I give you a lot of credit for getting your foot in the door, but this isn’t how I hire consultants—not for such an important issue. But I like your style, so give me your card. I’ll have my people check you out, and maybe we’ll give you a call for something in the future. . . . And I don’t want to be rude, but you’ve got to leave. I need help, but not yours.”

--“OK,” he said, as he got out of his chair and headed for the door. “Maybe our paths will cross some other time. Good luck with the hit your stock’s going to take after your quarterly loss is reported tomorrow.”

I couldn’t believe what he’d just said. Only 3 people were supposed to know about that.

--“Wait a minute,” I said. “How do you know that?” If nothing else, I wanted to learn how I could have such a serious leak from my inner circle.

--"I'll tell you what," he said, as he turned back towards me. "I'll tell you how I know that if you listen to me about how you need my help more than you realize."

I really didn't care about why some stranger thought I needed his help, but I couldn't let him leave before trying to find out how he got such confidential information.

"OK," I replied. "I'll listen to you for a few minutes. But first tell me why you are and how you got inside information about my company?"

--"Who am I?" he asked as he sat down. "Well, I'm the guy who, in the last few days, has gotten control of 30% of your company's stock. As far as the quarterly loss goes, in my world, getting inside information is small potatoes."

--"Wait a minute!" I sputtered. "*Nobody* owns 30% of our stock. Who are you?"

He pulled out a small, black leather notebook from his pocket and jotted something down with his gold fountain pen.--"*Doesn't listen carefully,*" he mumbled as he scribbled. "Another one of your problems—but we can't work on that today," he said as he looked up and put the notebook down in front of him on my desk. "I didn't say I *owned* 30% of the stock. I said I *controlled* it. I prefer to keep the details of how I do things confidential. But I decided to call in some favors. And there's no point in telling you my name because you wouldn't recognize it. I've worked very hard to remain anonymous. However, I'm someone who likes to help promising companies and individuals—people like you. When I see a company that can use my help, I 'arrange things,' shall we say, so that I can make things happen—like this conversation that we're having. I decided that I wanted to talk to you, so I thought that controlling a sizable chunk of your company's stock would get your attention."

I didn't know whether I felt impressed, mystified or afraid. If what this guy said was true, he had the power to fire me on the spot. He also had a no-nonsense way about him that made me think that he wouldn't hesitate to sack me if he wanted to. Of course, he could also be some wacko or con artist who knew how to talk his way into situations like this. But I was intrigued. I could grill my staff later to see if one of them actually gave this guy company information. So I decided to play along for now.

--"OK," I said, "you're a combination of invisible man, Gordon Gekko and puppet master. You're not a spin doctor. And you claim to control enough stock to make me and the company do whatever you want. . . . For the sake of argument, let's say I believe you. Why do I need your help?"

He got up from his chair, walked to the sideboard, got a cup of tea and then stared intently into the china cup for a few seconds. Then he turned to me and said,

--"Here's the situation. I think that you can do a lot of good running this company. I think the company can be a great example for other businesses about how to operate. That's why you caught my attention in the first place. But you've been making terrible decisions recently. And you know it. If you're honest with yourself, you'll admit that your decisions haven't felt the way they should. You haven't been trusting your instincts. . . . I bet you've felt like you've been swimming upstream.

And that bad news tomorrow is only the tip of the iceberg. Your company is weaker than you've been telling the analysts and the business press. And you know that too."

I hated to admit it, but he was right. Things were worse than we were telling everyone. And I'd been scrambling. Everything had been going along great. We were making money hand over fist, and then, all of a sudden, we had one problem after another. On paper, every decision I'd made looked good. Everyone on my team agreed on what to do. But it always ended up like throwing gasoline on

a fire. We were all mystified about why things kept getting worse. But we couldn't seem to turn things around.

--"The root of your problem," he continued, "is that you've based your decisions on ideas *that you don't really believe*. You've been making critical decisions based on what you said to that reporter about *what business is about* and on your belief that *there was nothing wrong with what you've done*. But despite what you think, you actually don't believe these things. And that's why—despite what you've been saying to the analysts and the business press—your company is sliding badly."

Now I *really* didn't know what to think. He was on target that things were worse than most people knew. But he also sounded wacko. He's telling me *that I don't believe what I say*? I stared at him for a few seconds while I ran this idea through my brain a couple of times. Then I shook my head. We had problems, but that was the stupidest analysis I could imagine. That was it for me. I was done. I decided I *didn't* believe he controlled that much stock. At best, he was a really good con artist.

And just as I was about to tell him to leave, he said something that really got my attention.

--"Of course," he laughed knowingly, "I know that you think I'm crazy. . . . What, you don't think I've seen that look before? . . . You don't believe that I control so much of your stock. . . . You think it's ridiculous for me to claim that you don't believe what you just said? . . . So I'm going to give you some incentive to continue this conversation for a while. I understand you enjoy betting . . .," he said. Then he paused to let me take what he just said.

His comment caught my attention—and troubled me—because hardly anyone on the face of the earth knew about this. For years, I'd bet on foreign currency rates for fun. And the way I approached it wasn't 'investing'; it was 'gambling.' But because you can't have a successful marriage and keep secrets about something like this, Bobbi and I agreed on a set amount of money I could play with for this. If this guy could find something like *this* out, he was someone I didn't want to underestimate.

"Your compensation from the company last year was \$20 million," he continued. "If I'm who I say I am, you can imagine what I'm worth. We each contribute 2% of our last year's compensation to the pot. Winner take all. To show that I'm good for it, you can hold this as collateral."

At this point he took something out of his vest pocket and handed it to me.

--"A pocket watch?" I said, almost laughing. "*This* is supposed to make it worth my while to talk to you? . . . You're going to have to do a lot better than that."

He sat back down, picked up his notebook, started writing and read out loud as he wrote, "*Makes snap judgments, and doesn't pay attention to detail.*" Then he looked up and said, "Take your time. I want to check my e-mail anyway." He put the notebook away, pulled out his smartphone and started reading.

I looked more closely at the watch. There was something very familiar about it. It was a double-open faced watch with what looked like a display of the Milky Way on the back. "I've seen this before," I said quietly to myself.

--"Yes, you have," he said, never looking up from his e-mail, "in Switzerland."

I turned to my computer and did a quick search. The watch was a dead ringer for the the world's most expensive pocket watch. It sold at Sotheby's in 1999 for \$11 million—to "an anonymous Middle Eastern collector." It was now on display in the Patek Philippe Museum in Geneva. I'd just been to Geneva and, because I collect watches, I'd visited the museum.

--“Very clever,” I said. “It’s an impressive copy. Still,” I said as I put it down on the desk in front of him, “not enough.”

--“Well, there *is* a copy,” he remarked, still staring at his phone. “That’s what you saw in Geneva. But I’m wagering the genuine article.”

--“So you’re a jewel thief as well?” I laughed. I couldn’t help but be intrigued at what kind of story he was now going to tell me.

--“People like me don’t have to steal,” he said. “No, as much fun as it would be to have the skills of a cat burglar, this was a gift from a friend. He had a copy made so that he could let the museum put it on display.”

I picked up the watch and examined it carefully. It was either genuine or a remarkable forgery.

--“You’re still skeptical,” he said. “I understand. Here’s my friend’s personal number, if you want to call and check. He won’t be entirely surprised because you wouldn’t be the first person to call him to check me out. However, because of the 7 hour time difference, you’ll likely get one of his bodyguards.”

--“So this is real?” I asked.

--“Absolutely,” he replied.

--“And it was gift?”

--“As I said” he smiled.

--“For what?” I asked.

--“A favor. . . . Obviously, a *big* favor. . . . And my friend is a very generous individual,” he explained. “And, seriously,” he added, “if you call him tomorrow, he’ll confirm my story. . . . So, do we have a bet?”

I leaned back in my chair and stared at the ceiling. Two percent of my \$20 million was \$400,000. \$400,000 for one conversation? Not bad. If the watch was real, his collateral was OK. And my visitor’s clothes were very expensive. This guy was either who he said he was, or he’d done a superb job of dressing the part.

--“It’s an interesting proposition—if you’re who you say you are. But how do we have a bet connected with a conversation? Who decides who wins?”

--“It’s simple,” he said. “I bet that I can show you that you don’t really believe what you said to that reporter. You may *think* you believe it now, but after we talk about it, I bet—literally—that you’ll see you *don’t*. And *you’ll* be the judge. At the end of our conversation, *you* decide whether you still believe what you just said.”

I’ve always thought that if something looked too good to be true, it usually was. And this felt like one of those times. There must be a catch. Still . . . , no matter what I thought at the end of the conversation, if I simply lied, I could win the bet.

As if reading my mind, my companion then said, “Of course, it goes without saying that you’ll tell the truth about what you think.”

--“Right—goes without saying,” I said, a little embarrassed at the fact that the prospect of so much

easy money made me consider lying.

--“So, do we have a bet?” he asked.

I still wasn't sure. --“You know everything about me, but I know nothing about you,” I said. “For all I know, the most I stand to win is a watch that might be a copy.”

--“I can appreciate your doubts. So let's do this in two parts,” he proposed, “the equivalent of two hands in poker. The first part deals with your statement about what business is all about; the second, your claim that you don't think you've done anything wrong. If you're unhappy after the first ‘hand,’ we stop. And to add some enticement, if I win the hand and you think I've cheated or that this wasn't in some way on the up and up, I'll let you off the hook. You owe me nothing. We shake hands. You never hear from me again. I step away from your company. . . . But that also means you're on your own.”

I still had misgivings. But I also was worried about the company. And part of me was curious about what would happen if I let this play itself out. What could this guy mean when he said that I didn't really mean what I thought I meant? What does a conversation around that idea even look like?

--“OK, I'm in,” I said, sticking out my hand.

--“Great,” he said, getting up out of his chair, taking my hand and giving it a firm shake. “Shaking on a deal like you mean it,” he noted. “Very old school. That's a good sign. Let's get to work.”

--“One more preliminary before we start,” I said. “I take it you aren't going to tell me your real name. But I need to call you something. What's it going to be?”

--“Well, my closest friends have a nickname for me when I pull stunts like this. How about that?”

--“Seems appropriate,” I replied. “What is it?”

--“*Socrates*,” he said with a wink.

I had to laugh. Despite the expensive clothes, he had a white mane and beard and piercing eyes. Swap out the hand tailored suit for a toga, and he'd fit the classic image of the Greek philosopher. “*Socrates*,” I said. “That's rich.”