

# Farewell Address to the Executive MBA Class 2011 - 2013

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ESMT Campus, May 18, 2013

Good afternoon, dear Students, dear parents, partners and friends of our students, dear guests of this important day in the life of our School, dear ESMT Faculty and staff. It is my privilege to say a few words at this event – the graduation of ESMT’s fifth Executive MBA class (and the twelfth graduating class of all MBA classes in the short history of our School).

As the Founding Dean of ESMT I am happy and proud to see another class of students arriving at the destination of a long journey – a journey that sometimes might have been exhausting and stressful, but on other occasions certainly joyful and deeply satisfying. Today, my dear students, you will be rewarded and have the chance to revel in your success.

In a few minutes, the ceremony will start, and you will receive the diploma that will open the next doors regarding your profession, your range of experience, and your career. Please allow me to use my remaining air time for a short teaching session – I promise it will be short and it will be the very last one of your EMBA program.

I would like to start with one of ESMT’s fundamental beliefs, an element the founding people have inserted into our School’s DNA. Today, after the emergence of the global financial crisis, it has even become more relevant than it was before: I am talking about the concept of *responsible leadership*.

However, what do we mean when we say “responsible” or “responsibility”? We all believe that we have such an intuitive understanding of these terms that we spontaneously want to say “why mention it at all? Responsibility needs no explanation.” Well, I am convinced, it still does.

Of course, in general, we find it pretty easy to specify the responsibility of a cab driver, an accountant or a car mechanic. This has to do with the transparency and straightforwardness of their tasks. The question is, whether the same can be applied to the tasks of general managers like you.

The way I see it, responsibility first of all stands for accountability, for owing answers to someone else. Consequently, there has to be another authority in addition to the responsible person. Furthermore, this other authority has to have the right to ask questions and expect answers. Plus, there has to be an object or an area about which the responsible individual will be questioned by these others.

So, as I said, owing someone an answer means to be accountable. And this means to bear the consequences of the actions taken. In other words: responsibility will inevitably incur costs for the general manager. Costs that may either be the everyday transaction costs, or costs that could have even larger financial consequences (penalties, for example) and that could lead to the loss of one’s job, loss of reputation, or even jail.

This all sounds like the downside of being responsible, doesn’t it?

But, this downside of responsibility is balanced by an upside – the general manager’s discretionary right to fulfill a business task allows for a high level of individual freedom and satisfaction. To put it simply: there is *no responsibility without freedom, and no freedom without responsibility*.

But who is the authority, or the person demanding justification? To whom does the general manager owe answers? What are the objects and areas in question?

Broadly defined these are the institutions established by society to organize itself. Responsibility is first of all a basic vehicle for the organization of society. In fact, a nation’s welfare depends to a high degree on how its society makes use of the concept of responsibility.

Generally speaking it is quite helpful to distinguish between two categories of responsibility and the role of justification embedded in each of them. On the one hand, there is responsibility connected to standard rules of justification. The relevant instruments to implement these rules consist mainly of laws, contracts, and their reinforcing incentives. I would like to call this the *hard game* of responsibility.

On the other hand, there is responsibility that has been voluntarily taken. This means a different set of instruments, mainly in the form of values, such as those established by moral rules and ethical convictions. These include the respect for the individual, for example, an attitude we at ESMT emphasize in our mission. For this form of voluntary responsibility to be successful, we need a *voluntary* personal commitment to the values in which we believe.

To generate this kind of voluntary responsibility, there has to be an inner spark, as here we are dealing with our conscience, as the ultimate authority. Accordingly, I want to call this the *soft game* of responsibility.

Let me give you a practical example for the soft game: Recently, ESMT has launched two programs opening another dimension of our mission to strengthen the subject of responsible leadership. One is the Kofi Annan Fellowship Program, the other the Responsible Leaders (RL) Fellowship Program. Both programs differ from each other, but they support the same principle.

Under the Kofi Annan Fellowship Program ESMT offers full grants to future entrepreneurial leaders from developing countries, who after their MBA degree return to their home country and contribute to its economic growth. In the academic year of 2011, the first two Kofi Annan Fellows graduated at ESMT. By now we have awarded altogether nine fellowships.

In contrast, the Responsible Leaders (RL) Fellowship Program is an offer to all our MBA students to work in a developing country *pro bono* for half a year after their graduation. Since January 2013, the first RL Fellow in South Africa has been teaching in a business college and serving as a coach for start-up local entrepreneurs. All of them, college students and entrepreneurs, are coming from the poorest class of South Africans.

What have we at ESMT learned from these programs?

1. Both programs are still in their experimental phase. Nevertheless, both initiatives are meant to slowly grow and last. We have realized that the Kofi Annan Fellows by returning to their home countries do accept their voluntary responsibilities rather than aiming at a better paid position in industrialized countries.
2. The first offer of an RL Fellowship last year met with the active interest of our MBA students. In 2012 we had six applicants for one position and in 2013 there are already more than ten students who have indicated their strong interest in such a program.

3. All our four Kofi-Annan Fellows of 2012 were among those who applied for the RL Fellowship in 2013. They realized early on that ESMT has developed something which justifies the unpaid investment of six months of their private and professional life. In other words: *There was that something what I call a spark.* And finally ...
4. ... both the Kofi Annan Fellows and the RL Fellows have offered us another *surprising insight*: The fact of having Kofi Annan Fellows in their midst, influences all the other students in class. The Kofi Annan Fellows spend an entire year together with their class mates, learn and work together, discuss with each other, share the highs and lows of their student life. But above all, the Kofi Annan Fellows bring the perspectives of the worlds they come from into their coursework. I might say they are like *yeast* in a baking process. And a similar effect can be observed, when RL Fellows candidates talk about their intended volunteer work with their colleagues in class.

Currently, we are quite curious to see how these projects will develop. But why am I sharing this experience with you? It has to do with my belief that *you personally* might benefit from it in your professional life.

The lessons we may learn from our Fellowship students is that we ourselves may reflect on the extension of our accountability as general managers. This might include *an agenda to give forward a value to less privileged recipients*. Maybe the examples I quoted also demonstrate that we in our careers sometimes have had luck – in addition to our achievements – to reach a privileged position. Even more, this might include involving your subordinates in such a system of reciprocation.

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Dear students, I thank you for your attention. In the name of ESMT, our president, our faculty, management board, our staff and alumni I thank you for having decided to gain your MBA degree at ESMT. I also thank our Fellows of the full-time MBA who opened our eyes for a special model of responsibility.

You, as EMBA graduates, will remain part of the ESMT community and we will always keep an open door for you. So, as you walk out of our doors tonight, I hope you will carry the spirit of ESMT with you and remember us all fondly.

Ladies and gentlemen, let us celebrate the graduating EMBA Class.



Professor Dr. Wulff Plinke is the Founding Dean of ESMT European School of Management and Technology. He serves ESMT as a Chairman of the Board of the Association of Friends of the school.