

An Ethical Approach for Theranos, Inc.

Ethical Leadership Skills

Final Action Plan

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EXECUTIVE SUMMARY

The Case

Theranos, Inc. is a privately held biotechnology company that works to develop systems for processing human blood. Between the organization's start in 2003 and its current standing in 2017, Theranos has gone from a nine billion-dollar valuation to complete collapse. Founder and Chairman Elizabeth Holmes is now facing major legal action for her malpractice, and though Theranos still exists, Holmes and Theranos have been barred from conducting any sort of laboratory testing for the next two years.

The Perspective

The perspective of William Foege, former director of the United States Center for Disease Control, will be taken for the purpose of this case study. Foege still sits on Theranos' board of directors, and has been selected due to his connection to the original mission of the organization. This case study will analyze the actions he should have taken in late 2015, as allegations of malpractice within Theranos began to arise.

The Objectives

The ethical leadership objectives identified are the following:

- To reduce instances of unethical behaviors within Theranos, including the generation of counterfeit laboratory reports and the implementation of fear tactics
- To promote positive behaviors such as a horizontal and vertical communication, internal whistleblowing, and the development of win-win social contracts with all employees
- To refocus the organization on long-term technology development goals as opposed to short term media exposure and investor accumulation.

Methods Suggested

Within this analysis, the following macro and micro methods have been suggested:

- Positive vision and values based ethical leadership
 - Mission based internal networking
 - Mission based hiring and training
 - Development of internal justice systems
- Incentive based reward and networking based ethical leadership
 - Mission based internal networking
 - Prevention of forging of numbers
 - Focusing organization on long term rather than short term goals

INDUCTIVE SITUATION ANALYSIS AND IDENTIFICATION OF ETHICS LEADERSHIP OBJECTIVE

1.1 The Organization: Theranos, Inc.

This case study analyzes the work of Theranos, a privately held medical technology organization based out of Palo Alto, California. The company was officially founded by Elizabeth Holmes, a Stanford University dropout, using a research grant in 2003 in a rented basement near the campus of her university. Within two years, the company acquired nearly forty-five million dollars in fundraising from investors. In September of 2013, Theranos developed partnerships with major retailers such as Walgreens and Safeway to implement their technology for in-store blood tests across the United States. By 2014, Theranos was estimated to be valued at approximately nine billion dollars. According to the current Theranos website, the company seeks to develop technologies that “enable [them] to make it possible for more people in more places to get the laboratory tests they need.”¹ Their mission states that their “goal is to make actionable information accessible to everyone at the time it matters,” therefore “working to facilitate the early detection and prevention of disease, and empower people everywhere to live their best possible lives.”²

The senior leadership of this organization is composed of four major parties: The Board of Directors, the Executive Team, the Scientific and Medical Advisory Board, and the Technology Advisory board. The acting founder, CEO, and Chairman of this organization is Elizabeth Holmes. Holmes is now thirty-three-years old, but first developed the company at age nineteen. According to Holmes, she left Stanford’s engineering program after great success as an undergraduate in an effort to further develop technology that would be central to the organization

¹ “Homepage,” Theranos, Inc., Accessed May 5, 2017, <https://www.theranos.com/>.

² “About Us,” Theranos, Inc., Accessed May 5, 2017, <https://www.theranos.com/company/>.

she later named Theranos. Holmes still stresses that her primary goal in creating the organization was to expand the ability of healthcare information access and work to develop technologies that help individuals detect diseases and conditions early enough to affect health outcomes. In addition to her work with Theranos, Holmes is an inventor of over 200 patents, many of which compose the near 1,000 pending patents central to Theranos' technology. She was named by *Forbes* in 2015 as the youngest self-made female billionaire due to the valuation of her organization. Within the same year, she was selected by *TIME* Magazine as one of their "100 Most Influential People" of the year.³ Holmes is joined on the board of directors by Fabrizio Bonanni, a biotechnology specialist who has worked for some of the world's largest biotechnology and healthcare manufacturing organizations. Also on the Board is William H. Foege, an epidemiologist and former director for the US CDC, along with Dan Warmenhoven, a former executive for the world's leading technology companies, such as Hewlett Packard.

Theranos' executive team is comprised of a Chief Compliance Officer, a Senior VP of Communications and Investor Relations, a Senior VP of Operations, and a Senior VP of Quality. Holmes recruited Channing Robertson, a mentor and engineering professor at Stanford, to serve as a Board Member and technical advisor. In July of 2011, former Secretary of State George Schultz joined the board. Between 2011 and 2016 Holmes recruited an astounding team to serve on her various executive teams, including former Secretary of Defense William Perry, former U.S. Senator Sam Nunn, and retired General James Mattis of the United States Marine Corps. In addition to these two senior management teams, Theranos boasts an impressive Scientific and Medical Advisory Board along with a Technology Advisory Board.

³ Kissinger, Henry A. "Time 100: Elizabeth Holmes." *Time Magazine*. Accessed May 7, 2017. <http://time.com/3822734/Elizabeth-holmes-2015-time-100/>.

As of 2017, Theranos' current focus is a technology entitled the Theranos miniLab. This device has the ability to process small quantities of human blood for a variety of diseases and conditions. Theranos claims that with just the prick of the finger, blood can be drawn into a "Nanotainer" tube, stored in a "Sample Collection Device," and processed in the ultra-portable Theranos miniLab for a variety of health conditions. Theranos stresses the ability of their technology to conduct standard blood lab testing with only the collection of minute amounts of blood from the hand as opposed to a costly traditional blood draw requiring an extensively trained phlebotomist or the use of a professional lab. Ideally, these products can be used together in a traditional physician's office with limited training necessary for medical staff, and remarkably low costs for patients.

1.2 The Case

Prior to any information being released about a scandal concerning this company, Theranos and Elizabeth Holmes were still the subject of a great deal of media coverage. News organizations and publications including *TIME*, *WIRED*, *Bloomberg*, *Fortune* and *Forbes* followed Holmes' story and her technology as closely as was permitted. No matter how aggressively the media pressed, Holmes remained in the dark about how Theranos' developed technologies actually worked, and instead boasted the results of trials and the partnerships she was developing with retailers like Walgreens and pharmaceutical companies such as Pfizer. Because of the secretive nature of the organization and the potential impact of this technology on the field of medical technology, Pulitzer-Prize winning journalist John Carreyrou of the acclaimed publication *The Wall Street Journal* began to probe into Theranos' development and laboratory testing practices.

In 2012, the FDA received a formal request from the US Department of Defense to investigate Theranos' blood testing devices before they were to be made commercially available in addition to being implemented in government operations in Iraq and Afghanistan. According to an article published by *Business Insider*, inspection reports from the FDA's investigation identified the containers developed for blood collection were not appropriate to be distributed publicly, as they had not been approved under any "actual or simulated use conditions."⁴ This was the first of many battles Theranos' endured with the FDA. Regardless of this report, the company continued to acquire millions of dollars through private and hedge fund investors, and *Fortune* published an article comparing Holmes and Theranos to Bill Gates and Microsoft.

In 2015, Holmes went public with some of the secrets of her organization. She released information to the media about a blood testing device named the Edison that she claimed was able to test for more than 70 different diseases and health conditions with only one small drop of blood. Just a few months later, Theranos co-signed on Arizona bill that later became law, making it legal for patients to receive blood testing without a doctor's note.

Due to the grandiose nature of Holmes' claims about the ability of Theranos' technology, Carreyrou of *The Wall Street Journal* continued to investigate her organization. In October of 2015, the Wall Street Journal reported that Theranos was falsifying claims about the ability of their technology and using traditional blood testing machines from Siemens to generate counterfeit reports, distributed to investors and shareholders. It was found that "company records reviewed showed that the California lab ran about 890,000 tests a year...In other words, Theranos may have put as many as 890,000 lives per year in jeopardy with its fake technology."⁵

⁴ Ramsey, Lydia. "The FDA's Notes from its Visit to Theranos' Labs Don't Look Good." *Business Insider*. October 27, 2015. Accessed May 5, 2017. <http://www.businessinsider.com/fda-documents-on-theranos-2015-10>.

⁵ Durden, Tyler. "Elizabeth Holmes Admits Theranos' "Technology" Is a Fraud: Restates, Voids Years of Test Results." May 19, 2016. Accessed May 5, 2017. <http://www.zerohedge.com/print/5575232>

Founder and CEO Elizabeth Holmes was quoted saying that these allegations were “factually and scientifically erroneous and grounded in baseless assertions by inexperienced and disgruntled former employees.”⁶ Due to the concern surrounding the integrity of the organization, Walgreens suspended plans to continue partnership with Theranos. In November of 2016, the Wall Street Journal then published an article about Tyler Schultz, a previous employee of Theranos. In this article, Schultz exposed a great deal of information about the defects in Theranos’ technology and desperate attempts from company management to fabricate test results in order to ensure investors would continue to financially support the company.

As of 2017, Theranos is under criminal investigation – conducted by federal prosecutors – for creating falsified reports and misleading private investors as well as government officials about the capabilities of the technology developed. These acts are in direct violation of Blue Sky Laws, laws that serve to protect the public from the sale of fraudulent securities. In possibly one of the boldest of many whistleblowing acts concerning this case, *The Wall Street Journal* reported that a hedge fund investor released information about Theranos laboratory testing practices and evidence was presented establishing that Theranos had purchased traditional lab equipment later used for fraudulent demonstrations, many of which were conducted at major press conferences and scientific research conventions.

Because this case is technically still developing, for the purpose of this case study analysis, all analytical measures discussed will be from the perspective of William Foege, a member of the Board of Directors. The perspective of Foege has been selected as his position of senior management allows for greater organizational change within an organization at great risk

⁶ Parloff, Rodger. “Are the Wall Street Journal’s Allegations about Theranos True?” *Fortune*. October 15, 2015. Accessed May 5, 2017. <http://www.fortune.com/2015/10/15/theranos-elizabeth-holmes-wsj/>.

of failure. Foege was also selected as he is the most senior member of the Board of Directors with extensive epidemiology experience in the health sector, previously serving as the Director of the United States Center for Disease Control. This action plan will be constructed assuming that the current date is November 1, 2015 – and will argue that Foege should have taken the following actions to redirect the organization to engage in more ethical practices in order to ensure the success of Theranos. Note that due to information leaked by *The Wall Street Journal* in spring of 2017, there is significant evidence to support that Warmenhoven - along with the entire Board of Directors - was aware of the unethical practices of the organization, beginning in 2015.

1.3 The Variables

As aforementioned, this is an ongoing case. For Elizabeth Holmes, multiple different opportunities were given during her leadership to evaluate how to proceed ethically. However, her desire to lead a thriving organization pushed her to take on the role at first of what appears to be the Faust. Holmes seemed to feel as though then “ends justify the means,” by unethically falsifying reports in order to raise enough money to eventually develop the technology she claimed had already existed. As this progressed and she fell into her role as an unethical leader, she began to act as The Sophist, feeling as though she had found a way to “win the game.” It is fair to assume that her media fame added to her desire to take whatever measures necessary to ensure the success of her organization, regardless of how unethical her behavior became. From the perspective of any member of the Board of Directors, all of technology that supported Theranos’ existence as an organization was originally developed and patented by Holmes herself. Therefore, even when facing allegations of unethical behavior and allegations of distribution of counterfeit laboratory results, Board Members most definitely acted in

consideration of self interest, as opposed to the interest of their organization or the public they claimed to be dedicated to assisting. Protesting Holmes' practices would likely end in termination of contract and removal from the Board, which at the time, was a high paying, high status position. From the perspective of the employees at Theranos, fear tactics were being used to prevent internal whistleblowing from employees in technology development and laboratory sectors. Lack of communication between senior management and general staff in an organization of less than two hundred people caused a massive disconnect between organizational leadership, the mission of the organization, and what was actually being done within Theranos.

1.4 Opportunities to Amend the Situation

Truly, Holmes had a number of opportunities to cease unethical behavior and redirect the organization towards achieving its original mission of developing technology that would revolutionize the access to blood testing for people of all socioeconomic statuses. Beginning in 2014, she chose to promote unethical behavior by implementing fear tactics within her organization to prevent whistleblowing about her business decisions. Her choice to abstain from ethical behavior is ultimately a reflection on her character. However, members of the Board of Directors, Theranos' Scientific and Medical Advisory Board, and Theranos' Technology Advisory Board were given ample opportunity to speak up about Holmes' unethical practices once they became privy to the reality of Theranos' existence. As of 2015, these members of the leadership team should have worked to improve communication within the various sectors of the organization to ensure transparency between upper, middle, and lower management, and should have engaged in conversations across leadership teams about how to redirect Theranos' poor practices before the information was released to the public.

1.5 Ethics Leadership Objective

When faced with the ethical dilemma at hand, Foege should have created the following ethics leadership objective: to reduce instances of unethical behaviors including the generation of false reports and implementation of fear tactics within the organization, to promote positive behaviors such as internal whistleblowing, strengthened communication, and to develop win-win social contracts with employees, and finally to refocus the organization on only publicly releasing exclusively genuine information about the development of technologies Theranos accomplished. This objective is better than an objective that considers only appeasing the employees of the company, as Theranos is a for-profit organization that needs to generate revenue and acquire funding from investors in addition to providing a healthy work environment for its employees. It is also better than an objective that focuses only on developing relationships with investors while only reducing amounts of unethical behavior, as eventually the investors and partnerships will demand to see the technology that is not yet truly developed and will then take legal action. As demonstrated as this case has unfolded in the past three years, without developing a win-win social contract with employees while continuing to engage in unethical behavior will only lead to disgruntled employees leaking damaging information outside of the company.

INTERPRETIVE THEORY AND DIAGNOSIS

2.1 Micro Individual Obstacles

With such a drastic leadership objective, micro individual obstacles are definitely of concern. On the most fundamental level, Foege will put his employment and reputation at great risk by arguing for Theranos to engage in ethical reform. His desire for success and self interest would make attempting ethical reform particularly difficult as the founder and most senior leader of the organization is the individual pushing for unethical practices within Theranos. In addition

to potential termination of employment from Theranos, Foege's status within the business and biotechnology world could result in great difficulty finding other work should his contract be terminated. In this circumstance, Foege's lack of action could be due to the position of Socrates' Jailer, with cooperation existing only on the basis of fear. However, Foege at no point released a statement concerning his involvement with Theranos' practices, and therefore could have acted in accordance with Holmes' Faustian perspective in which the ends justify the means. If connected to the true mission of Theranos – to provide more accessible healthcare information and disease prevention to many – then Foege may have continued to watch the unethical behavior occur without suggesting a change. If Foege had identified his objective to develop better communication systems within the organization in order to promote a more positive work community and promote internal rather than external whistleblowing, then the individuals from lower level leadership may fear termination of contract for their honesty, presenting another level of individual obstacle.

2.2 Meso Organizational Obstacles

Within Theranos, a number of organizational obstacles exist that could prevent ethical reform. A variety of negative organizational cultures were clearly in place that permitted unethical behavior to occur within Theranos for a number of years before the external whistleblowing to the press. The organizational culture clearly focused on short term goals – keeping the organization relevant and thriving, rapidly acquiring financial support from investors and shareholders, and incorporating an “end justifies the means” approach that Holmes instituted from a top-down perspective. Though upper level management rarely interacted with lower level employees, those interactions were filled with positive language about how Theranos was working to save the world, and all actions taken between the start of the organization and its

eventual release of technology were done so in an effort to better the healthcare system. In addition to issues with organizational culture, Theranos' lack of communication between organizational levels in a less than 200-person company led to a number of disgruntled employees, and eventually, external whistleblowing to the press.

2.3 Macro Environmental Obstacles

The first clearly identifiable macro environmental obstacle that led to Theranos' practices was a combination of external competitive pressures and media pressure. Prior to the immense media coverage that began following Theranos in 2014, there was no evidence of unethical practices. With so much pressure on Theranos to release information about their Edison technology, this was when false reports began to be generated regularly and false demonstrations occurred in front of research conferences and investors. Because Theranos was the first biotechnology company at the time to claim the ability to test blood in this way, competitive pressures with organizations like Siemens placed a great deal of stress on Theranos. Ultimately, in order to proceed with Theranos' technology development in an ethical way, Theranos must not succumb to media and competitive pressures, and only release information that is truthful when engaging with the press and seeking investment.

MACRO ETHICS LEADERSHIP STRATEGIES

3.1 Strategies for Ethical Reform

In order for Theranos to continue to thrive as a medical technology company, keep investors and shareholders confident in the ability of the organization, and promote positive behaviors while reducing instances of unethical behaviors, Foege should have implemented a combination of incentive based reward and networking based ethics leadership in addition to returning to the organization's original mission and employing vision and values based ethical

leadership. As information began to unfold concerning the unethical practices of Theranos, Elizabeth Holmes desperately attempted to employ networking and vision and values based micro strategies, but it was far too late. This is why the perspective of Foege was selected for this case study – as a member of senior management and a placeholder on the Board of Directors, Foege was given the opportunity in the early years of Holmes’ unethical practices to make a change before the organization collapsed. Foege should have organized members of senior leadership to discuss the true mission of the organization and the potential impact of Holmes’ practices in an effort to reduce or minimize instances of unethical behavior within the organization. Beyond the immorality of her decisions, great risk of organizational collapse was caused by falsifying reports distributed to investors, shareholders, and representatives from the federal government – a felony within the United States. By assembling senior management to discuss the vision and values of the organization, Foege could have redirected the organization’s short term goals of profit growth to consider the long-term goals of establishing a sustainable and profitable biotechnology company connected to its mission. In order to implement this vision and values based leadership, it would be necessary for Foege to network within the organization to develop networks of individuals aware of the corrupt behavior and push Holmes for a change. With Holmes in the most senior of positions within the organization, and the developer of the patents central to Theranos’ success, it would be necessary to have a great deal of the Board of Directors address her behavior in order to move towards positive change.

3.2 Alternatives

This combination of strategies would be the most effective for the following reasons. First, appealing to Holmes and the various senior management of Theranos using a vision and

values based method seems as though it would be effective, considering that all members of senior management were selected not only for their success in their various fields but also due to their passion for improving the nation's healthcare system. For example, Foege himself sat on the board of directors, and was a former director the of the United States Center for Disease Control. By employing a vision and values based method that draws on one of the primary goals of Theranos – to develop technology that assists individuals identify and treat preventable disease early in their course – Foege would be likely use this angle to push for ethical reform. At this stage, this would be more effective than a dialogic or storytelling method, as the mission of the organization is central to its key players and a fear or hero based storytelling method would be focused more on the competitive nature of the organization rather than its goals of bettering the healthcare system. The combination of vision and values and networking methods would also be more effective as the source of unethical decision making is coming from the absolute top of the organization, and in order to promote reform, Foege must address senior leadership and encourage them to redirect their goals and business practices before engaging in conversation with lower level employees. For this reason, power based bottom up ethics leadership would not be appropriate considering the perspective of the key player analyzed, and power based top down ethics leadership would not be effective as Foege would not realistically risk his reputation in threatening Holmes to change her behavior or write penalties for her noncompliance.

MICRO ETHICS LEADERSHIP TACTICS

4.1 Vision and Values Micro Methods

In order to effectively implement a vision and values based ethical leadership approach, Warmenhoven should use the following micro strategies: mission based internal and external networking, mission based training, and mission based internal justice systems. In order to

collect a group of individuals willing to stand up against Holmes' unethical top-down practices, Warmenhoven must implement internal networking to develop a network of individuals willing to speak against unethical behaviors, such as falsifying lab reports. He should also use this networking as an opportunity to discuss long term goals for the organization rather than short term business goals such as generating a greater base of investors, when the fundamental technology has not yet been developed. This means wealth creation will be generated through ethical means, as identified as one of the primary micro articulations of the vision and values based method. In addition to this articulation, Theranos should use this networking as an opportunity to discuss the connection between wealth creation and the core social purpose of the organization – to develop technology to improve the quality of healthcare accessible to the general public - in addition to generating revenue for Theranos. Considering that Foege was now aware of the fraudulent reports being generated within the organization, Foege should have encouraged this network of likeminded senior management staff to develop an internal justice system in which internal whistleblowing is encouraged. Therefore, should Holmes choose to navigate around senior management and continue to encourage lower level employees to generate counterfeit reports, the lower level employees would feel comfortable seeking assistance from senior management without fear of termination of employment. This develops a win-win social contract with employees, preventing disgruntled employees from external whistleblowing (which eventually led to Theranos' demise). These micro tactics would be more effective than mission based promotion, as the unethical behavior being enacted was being done so out of direct instruction from Elizabeth Holmes and involved senior management. These tactics would also be more effective than mission based performance appraisal systems, as lab employees are paid a standard wage and complete tasks as delegated by senior management.

Rewarding lower level employees for refusing unethical tasks and choosing to conduct research ethically would not result in growth for the organization but rather tension between Holmes, members of senior management, and lower level staff. All of these tactics hinge, however, upon Foege's ability to generate an ethics network within the organization willing to implement these mission based procedures.

4.2 Incentive and Networking Micro Methods

The vision and values methods mentioned above would not be successful without combination with incentive and networking based micro methods. In order to redirect the organization back to its original mission, Foege must work with other members of organizational leadership in order to network within Theranos. If Foege discusses the critical need of the organization to act in accordance with its mission, and passes this on to another individual in senior management, then that individual (P1), will pass that on to another individual in senior management (P2), and create a domino effect of ethics based reform. Combining this sort of internal networking with a commitment to prevent forging of numbers and create both horizontal and vertical transparency within the small company will promote ethical behaviors and allow leadership to address unethical behaviors. In developing this network, Foege should stress the long term mission based goals of the organization rather than the short-term revenue generation goals of the organization. Foege should employ organizational networking so senior leadership can build working relationships with lower level employees and develop connections that encourage internal rather than whistleblowing. This networking strategy should be used to ensure coordination and cooperation amongst levels of employees in order to help the company achieve tasks and goals as a cohesive unit. In the time period analyzed (November of 2015), these micro networking methods would be more effective than immediate external networking, as external

networking could lead to information leakage to the public about Theranos' deceitful practices, and place the company at further risk. First attempting to resolve the issue within the organization reduces risk of investor and shareholder loss. The micro networking techniques selected would also be better than making performance measurement transparent with shareholders and investors at the time, as disclosing that information could result in company collapse. Fixing the issue internally as it begins to arise will prevent Theranos from legal action.

CONTINGENCY PLAN

Should the original combination of vision and values and networking based approach not produced desired results, Foege should seek the assistance of a number of parties outside of the organization. First, he should employ top-down micro strategies and work with a legal team to see how to best address and respond to the issue of counterfeit lab results being produced within the organization. With the help of others within the organization committed to the mission of Theranos, Foege should consider taking legal action against Holmes for implementing fear tactics and threatening lower level employees for noncompliance. In addition, he should work with a legal team to draft documents for noncompliance of lower level employees who continue to create fraudulent laboratory reports. Finally, Foege should gather the entire staff of the company (less than 200 employees) for a company wide meeting to discuss the malpractice occurring and how dire circumstances are, as the company is at risk of collapse. Employing a charismatic storytelling method and using a fear story might be successful, as sharing with employees the possible future of exposure and loss of investor/shareholder support will almost immediately result in termination of employee contracts, and a great deal of legal suits.

As a last resort, if Foege fears for his personal reputation and does not foresee a future for Theranos, he could publicly blow the whistle to the public about her malpractice and establish

himself as an ethical leader. While for-profit organizations would not be likely to add him to their team as a result of his whistleblowing, he may still have a future in the nonprofit healthcare sector, or could head into early retirement.

SITUATIONAL DIFFERENCES

While none of the suggested ethical leadership tactics are particularly ideal or foolproof, Foege held a responsibility to both his company and to the public in 2015 to appropriately assess and address the situation before it continued to worsen. Elizabeth Holmes' leadership strategy for Theranos was not only unethical, but almost dictatorial in nature. Her lack of consideration for lower level employees, combined with her desire to thrive as a young female college dropout in a highly competitive Silicone Valley setting, ultimately led to Theranos' demise. The alternative macro and micro methods noted before as likely to be ineffective were the dialogic/storytelling methods and top-down power methods. Empowering and dialogic methods would not be effective in achieving the objective, as these methods only cater to the portion of the objective that seeks to develop better vertical communication within the organization. Had the source of unethical behavior been lower level employees falsifying reports due to a desire to stay employed, this tactic would have been more effective. Using a Kierkegaardian "up building" tactic would be effective if Holmes chose to leave Theranos due to the scandal, and the organization needed strong leadership to survive. Much like the dialogic method, the top-down power method would be more effective if the sources of unethical behavior were coming from lower level employees falsifying lab reports in order to meet standards or quotas. Implementing micro methods such as frequent check-ins and reminders and stringent requirements would be more effective if that were the case. Because the founder, CEO, and Chairman of Theranos is one individual that chose to command other employees to engage in unethical behaviors, there is

a great deal of limitation in what an ethically-minded member of the Board of Directors can do in response.

Reflection and Transformation: Reflective Practice and Theory

Entering a Business Ethics course, I anticipated learning how to turn an unethical organization into a shining model of morality and ethical practice. Throughout the duration of this course, I have learned that often the best option when it comes to ethical reform is to limit the instances of unethical behavior while promoting positive behavior, as opposed to attempting to entirely eliminate negative behavior and punish those behaviors. Especially within the context of this case, with so many variables and obstacles, often the best decision to make as an ethical leader is to attempt to reduce the frequency of unethical behavior and do as much as possible to internally resolve situations and support employees.

This case provided a particular challenge for me, as it was the first case I analyzed in which the most senior leadership position within the organization was the one promoting the unethical and corrupt behaviors. With the individual obstacles in this case identified to be of incredibly high risk, I realized the value of building a community of like and ethically minded individuals to make a change. Even from a position of senior management, top-down power combined with fear tactics are not always the solution. Employing empowering methods and encouraging communication between the various levels of management within an organization seem to be most effective across cases.

While this case takes place in the biotechnology sector, analyzing the Theranos case has informed my practice as someone who intends to work in the field of education administration or policy, as ultimately one person cannot reform the entire American education system, but instead work to reduce instances of injustice or unethical practices instead. Additionally, it has required

me to critically consider which organizations I would like to be involved in, as working in an organization like Theranos with an inspiring mission but terrible top-down leadership would not be an environment in which I would thrive.

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