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Lesson 10: "Moral Courage and Facing Challenges"
4/2/07

Class Summary:

This lecture began by looking at uncertainty and how leaders anticipate and problem solve through this difficult situations. One of the ideas that came up is Transaction Cost Theory, which basically states that the more the uncertainty, the more transactions cost due to contingencies that delineate the what-if scenarios. We also looked at the PITA vs. Value-added Contribution scale and the snowball effect of bad behavior. The class concluded by showing Al Gore's movie, "An Inconvenient Truth." It was nice to finally see this serious and thought-provoking documentary on Earth's uncertain destiny.

Response:

I found that the Transaction Cost Theory applies well to the construction industry with respect to subcontracting work and uncertainty. Many companies, including my current employer DAVIS Construction, utilize vertical integration in that they have subcontracting divisions. To minimize their contingency costs, DAVIS chooses rather to use their own concrete and carpentry workforce on their projects.

Analysis:

In response to the movie, I really feel that the global population is going to stand up and recognize the seriousness of this situation, especially in the developed nations. However, I am very worrisome about developing areas such as Asia, South America, and Africa. Their commitment to their nation's prosperity may cause them to neglect the environment, just as the West did, in their effort to industrialize. Unfortunately the populations here are so large that their impact on global warming may be greater than what the U.S. or Europe has done. Hopefully the United Nations, Kyoto Protocol and other environmental organizations will actively help these companies through industrializing in a more responsible way than we did.

Sound-bite:

The United States needs to step up and realize we have the capacity to change, and ultimately lead the world through this time of global uncertainty.