

UNDERSTANDING THE FOUR-WAY TEST

by Mark DiGiovanni

During the Great Depression in 1932, Herbert Taylor, a member of the Rotary Club of Chicago, was asked to take over the near-bankrupt Club Aluminum Company. Taylor's first order of business was to draft a code of conduct to guide all its business decisions. We know this code as the Four-Way Test.

Club Aluminum applied the Four-Way Test to all its business dealings. It declined business that failed to meet the test. The company thrived as a result. Rotary International officially adopted the Four-Way Test in 1943. When Herb Taylor became RI president in 1954, he donated the copyright of the test to the organization.

IS IT THE TRUTH?

People often confuse truth and facts. A fact is a reality that cannot be logically disputed or rejected. Facts are objective; truth is partly subjective, though a truth that conflicts with facts isn't sustainable. For centuries we believed the earth was flat. Facts proved otherwise, and that truth was debunked.

Truths are molded by perspective and experience. They can also change because perspectives and experiences change. Although the Civil War ended over 150 years ago, the truth about it varies, depending on where you grew up. The removal of Confederate memorials across the South demonstrates that, as evidence and perspectives change and grow, the perception of truth changes, too.

We can even disagree with our own truths, a condition known as cognitive dissonance. Thomas Jefferson declared, "We hold these truths to be self-evident, that all men are created equal." As a slave owner, Jefferson's actions conflicted with his own words.

When cognitive dissonance occurs, we deal with it in various ways. We change our actions. We attempt to justify our actions. We perform some offsetting act. Or we ignore, deny, and discredit any information that conflicts with our truths.

Abraham Lincoln said, "The trouble with too many people is they believe the realm of truth lies within their vision." This may be truer than ever. We don't open our vision to other perspectives, or even acknowledge that a different perspective might be valid. Fox News and MSNBC report on the same story, but you'd hardly know it's the same story from their different perspectives. And both believe they are telling the truth, the whole truth, and nothing but the truth. But the realm of truth is too vast for even the wisest of us to fully envision.

A logical starting point to finding common ground on truths is to build our truths on facts, the reality that cannot be *logically* disputed or rejected. Even this can be tricky. In his 1954 book, *How to Lie with Statistics*, Darrell Huff wrote, "If you torture the data long enough, it will confess to anything." Cherry-picking data to support a position is not how you answer the first question of the Four-Way Test.

Championing a truth should not violate other parts of the Four-Way Test. If that happens, we should look at our style of championing and the substance of our truth.

Is it the Truth? From your perspective, maybe. But it's egotistical to assume one's individual truth is a singular or universal truth. Broader perspectives and experiences mean broader truths. The broad perspectives and experiences of 320 million Americans create broader truths, one of the great appeals of America.

IS IT FAIR TO ALL CONCERNED?

There are several synonyms for Fair — just; equitable; impartial; unbiased; straightforward; objective. Fair means showing no evidence of favoritism, self-interest, or indulging our own likes and dislikes, which can be difficult to achieve.

Fairness and equality aren't the same thing. While equality of opportunity is a cornerstone of fairness, it rarely exists. Living in America provides opportunities denied to many in the world. Creating equality of opportunity is about raising opportunity for those with little or none. Rotary service is largely about raising opportunities for those at the bottom, through projects like polio eradication, literacy, or clean water.

Equal opportunity doesn't lead to equal outcomes. In Olympic events, the competitors all begin with an equal opportunity to win. Inequality of outcome is a function of talent and effort. We love sports because it showcases talent and effort and offers a chance to prove one's self - fairly.

Equalizing outcomes to offset unequal opportunities doesn't create fairness because it ignores effort and talent. It denies an earned reward and saps initiative. Thomas Jefferson again, "We must dream of an aristocracy of achievement arising out of a democracy of opportunity." He described a meritocracy, perhaps the fairest system yet devised. Contrast the fairness of a meritocracy with the Marxist creed: "From each according to his ability, to each according to his needs." The unfairness of this creed doomed communism.

Our perception of fairness can become skewed when we think in relative terms. In the Parable of the Workers in the Vineyard,

Jesus tells of the man who hired people to work in his vineyard. Although the workers' time varied, all were paid the same wage. Those who had worked all day complained that those who had worked only an hour or two received the same wage. The early workers were fine with their wage in absolute terms. But relative to the later workers, it seemed unfair. One lesson of this parable is - if we choose to define fairness in relative terms, we will rarely find it.

Being fair to all concerned won't eliminate all hardships, but it should distribute hardships according to the Golden Rule: Do unto others as you would have them do unto you. If what you're doing to them was being done to you, how would you react? People are much more willing to bear hardships when they believe it's at least fair to all concerned.

WILL IT BUILD GOODWILL AND BETTER FRIENDSHIPS?

When most people think of goodwill, they think of a kindly feeling of approval and support. A businessperson also defines goodwill as the value a business attains through its brands and its good reputation. Goodwill is measured as the market value of a company over and above the value of its tangible assets.

In 2016, Microsoft acquired LinkedIn, which had a balance sheet value of \$4 billion. Microsoft's purchase price was \$25 billion, the difference all classified as goodwill. Today there is more than \$2.5 TRILLION in goodwill listed on corporate balance sheets. Goodwill is an intangible asset. But for many corporations, it is by far their most valuable asset.

Integrity is the father of goodwill. Reputation is its mother. And as Warren Buffett noted, it takes twenty years to build a reputation and five minutes to ruin it. And unlike your other assets, goodwill cannot be insured. The only way to retain it is to keep building it.

How do we build goodwill? The answer is the Rotary motto: Service above Self. If goodwill is defined as a kindly feeling of approval or support, what better way to create a kindly feeling of approval or support from others than to put service to them above you?

But Goodwill is more than warm fuzzies and ballooning balance sheets. There's a practical value to goodwill. Rotary has tapped its goodwill to vaccinate children against polio where no one else would be allowed to do so. Rotary has tapped its goodwill in this effort, but it has created far more than it has used. When polio is eradicated, the most important tool in that effort will not be money, but the goodwill Rotary developed over more than a century. Goodwill saves lives.

An Oxford anthropologist recently surveyed 3,300 people on their use of Facebook. These people had an average of 155 friends, yet they said only 28% of them were close friends, and they would only turn to four in a crisis.

Responding to these numbers, the anthropologist said, “Seeing the whites of their eyes from time to time seems to be crucial to the way we maintain friendships.” Social media may be great for keeping up with friends and family, but it’s not a substitute for face-to-face contact.

The Four-Way Test refers to better friendships, not more friendships. Better friendships are built on five attributes: respect, trust, reciprocity, shared experience, and mutual enjoyment of each other’s company.

If you desire better friendships, first examine if respect, trust, and reciprocity exist. Without them, it’s unlikely you will have shared experiences or enjoy each other’s company. One advantage of membership in Rotary is you meet people who are easy to respect and trust and who know how to reciprocate. Being engaged in your club provides opportunities to share experiences and enjoy each other’s company.

WILL IT BE **BENEFICIAL** TO ALL CONCERNED?

Some people equate investing with gambling. Both present the possibility of gain or loss, but the similarity ends there.

Gambling is a zero-sum game. If five friends play poker and each starts with \$100, at the end of the game there will still be only \$500 between them. The money got redistributed, but it did not increase. Every win came with a corresponding loss.

If these five friends invested that same \$500, they could possibly all gain and no one else would lose. While gambling is always a win-lose proposition, investing, when done right, is a win-win proposition. Investing, when done right, is beneficial to all concerned. Gambling is not.

In the animal kingdom, most interactions are a win-lose proposition. The lion eats, but the lamb dies. When we think only in terms of win-lose, that everything is a zero-sum game, we’re reverting to our animalistic nature. In such a frame of mind, creating win-win situations, where the outcome is beneficial to all concerned, is all but impossible.

People naturally act in their self-interest, but if you view every encounter as a zero-sum game, you will view every encounter as a win-lose situation. That perspective creates confrontation, not cooperation.

Successful people understand that to succeed in the long run, they should strive for win-win whenever possible. They

understand when others benefit, be they family, friends, customers, or employees, they benefit, too.

There will be situations when not everyone involved will be able to benefit. There will be situations when everyone will not benefit equally. It’s not necessary for everyone to benefit equally; it’s necessary to try to spread the benefits equitably, which harkens back to “Is it fair to all concerned?”

“Will it be beneficial to me?” is not only selfish, but short-sighted. People with that attitude don’t produce loyalty in others. Others will abandon such a person the minute a better option comes along, which it always does. It’s a losing gamble.

“Will it be beneficial to all concerned?” may require more effort and be less profitable in the short run. But in the long run, benefitting everyone concerned creates respect and loyalty that pays huge dividends. It’s a winning investment.

HOW TO BEGIN

The preamble of the Four-Way Test is “Of the things, we think, say, or do...” This preamble provides context. Without it, it’s not quite clear what is supposed to be the Truth, Fair, Beneficial, etc.

It’s no accident that Herbert Taylor used these exact words in the preamble. The world may never know what you’re thinking. But thoughts get converted to words. And words get converted to deeds. The preamble reminds us of the importance of following the Four-Way Test at each of these stages.

Many clubs don’t recite the preamble. Maybe it’s because they’re reciting it at the end of the meeting and they’re anxious to ring the bell and leave. So they recite, but they don’t reflect.

Imagine a visitor to your club hearing you recite the Four-Way Test. Without the preamble to give it context, the Four-Way Test loses much of its impact, especially to someone who may be hearing it for the first time.

Rotarians are admired throughout the world because we try to live up to the Four-Way Test. I hope the next time you recite it, you will find deeper meaning and greater inspiration in its words.

UNDERSTANDING THE ROTARY FOUR-WAY TEST

“Of the things we think, say or do
first

Is it the **TRUTH**?

second

Is it **FAIR** to all concerned?

third

Will it build **GOODWILL**
and **BETTER FRIENDSHIPS**?

fourth

Will it be **BENEFICIAL** to
all concerned?”

