



Conversational Leadership: Thinking Together for a Change

Thomas J. Hurley and Juanita Brown

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JUANITA BROWN, PhD, is the co-originator of the World Café. She collaborates as a thinking partner and design advisor with senior leaders across sectors to create innovative forums for strategic dialogue and multi-generational collaboration on critical business and societal issues. Her award-winning book, *The World Café: Shaping Our Futures Through Conversations that Matter*, co-authored with David Isaacs and the World Café Community, has been translated into ten languages.

“Conversations are the way workers discover what they know, share it with their colleagues, and in the process create new knowledge for the organization. In the new economy, conversations are the most important form of work ... so much so that the conversation is the organization.”

—ALAN WEBBER,
“WHAT’S SO NEW ABOUT THE NEW ECONOMY”
HARVARD BUSINESS REVIEW

AFTER EXPERIENCING HIS FIRST WORLD CAFÉ DIALOGUE at a program on self-organizing systems, Bob Veazie had an uncomfortable epiphany. At the time, he was a senior engineer and manufacturing manager at a Hewlett Packard plant in Oregon. In that World Café,

Bob experienced how the collective intelligence of a group can become visible as people move from one table to another over several rounds of conversation, cross-pollinating ideas, making unexpected connections, developing new knowledge, and creating action opportunities. Afterward he said:

“Something profound but disturbing happened to me during those Café conversations. I realized that the boxes on my organization chart might more accurately be depicted as webs of conversations. Each day, we are engaged in conversations about different questions, just like in those table conversations, and we move between the ‘tables’ as we do our work in the company. It hit me with laser-beam clarity: This is how life actually works! So I began to wonder: If our conversations and personal relations are at the heart of our work,

how am I, as a leader, contributing to or taking energy away from this natural process? Are we using the intelligence of just a few people when we could gain the intelligence of hundreds or thousands by focusing on key questions and including people more intentionally in the conversation?”



Shortly thereafter, Bob was charged with co-leading a corporation-wide safety initiative that eventually engaged more than 50,000 people in manufacturing plants around the world in conversations about safety risks and how to address them. Meeting people at every level of the company in the settings where they normally gathered, he went in with questions rather than answers and hosted conversations aimed at tapping each group’s own experience, relationships, and mutual intelligence in coming up with better ways to reduce accident rates. His core team took good ideas from one plant to another, shared stories, and brought key people from different levels and parts of the company together to learn from one another. “Each of the employee meetings I attended was like a table in this large, ongoing safety Café—this network of conversations,” Veazie explained. “The ‘tables’ all over the company were connected by the key questions.”

The outcomes were impressive. In Puerto Rico, the accident rate plummeted from 4.2 percent to 0.2 percent. In Oregon, it fell from 6.2 percent to 1.2 percent. The overall company accident rate was reduced by 33 percent, and these gains were maintained in plants where the safety conversations continued.

The shift in how Bob Veazie viewed his organization prompted a new approach to leadership that dramatically increased HP employees’ collective capacity to achieve their shared aims. He had discovered the power of conversational leadership in action.

The World Café

In a World Café conversation, participants are seated in groups of four or five around small tables or in conversation clusters. Tables are set up to resemble those found in a coffeehouse, often with red-checked tablecloths, vases with flowers, and newsprint and markers for taking notes. Participants explore “questions that matter” where collaborative thinking can really make a difference. At regular intervals, a host stays to share highlights from the previous conversation as others move to new tables or clusters, cross-pollinating ideas and insights. As the conversations connect, they spark new discoveries. Innovative opportunities begin to appear. Collective knowledge grows and evolves. After several rounds of conversation on one or more questions, participants offer their insights, learnings, and opportunities for action through a “harvest” of the conversations in the whole group.

See www.theworldcafe.com for more information.

Seeing conversation as a core process

“An organization’s results are determined through webs of human commitments, born in webs of human conversations.”

—FERNANDO FLORES,
FORMER CHILEAN MINISTER OF FINANCE

As defined by educator Carolyn Baldwin, conversational leadership is “the leader’s intentional use of conversation as a core process to cultivate the collective intelligence needed to create business and social value.” It encompasses a way of seeing, a pattern of thinking, and a set of practices that are particularly important today, when the most important questions we face are complex ones that require us to develop new ways of thinking together to foster positive change.

Spurred by financial crisis and the prospect of an increasingly uncertain future, leaders in all sectors are seeking new ways to leverage organizational and community resources to produce greater strategic impact. Efforts to cut costs, be more efficient, compete

more effectively, or innovate have all intensified. Yet many such initiatives fall short of achieving their intended aims or create unintended consequences that require additional interventions.

What if increasing the success of these efforts depended on our intentionally focusing on a deeper process—the core process of conversation and meaning-making through which we as human beings have always co-evolved new realities? As evolutionary biologist Humberto Maturana points out, we live in language and the sophisticated coordination of actions that language makes possible. Since our earliest ancestors gathered in circles around the warmth of a fire, talking together has been our primary means for discovering common interests, sharing knowledge, imagining the future, and cooperating to survive and thrive. The natural cross-pollination of relationships, ideas, and meaning as people move from one conversation to others enables us to learn, explore possibilities, and co-create together.

From this perspective, conversations are action—the very heartbeat and lifeblood of social systems like organizations, communities, and cultures. In all these settings, to use Maturana’s phrase, we “bring forth a world” through the networks of conversation in which we participate. Analytical tools such as social network analysis can help us visualize those networks, while emerging digital technologies and social media such as blogs, wikis, and online communities of practice let us extend, enrich, and deepen conversations and collaboration among an ever-expanding number of

participants. As new possibilities and the coordinated actions based on them start in small groups and then spread through wider networks, we bring the future into being.

Conversational leadership takes root when leaders see their organizations as dynamic webs of conversation and consider conversation as a core process for effecting positive systemic change. Taking a strategic approach to this core process can not only grow intellectual and social capital, but also provide a collaborative advantage in our increasingly networked world.

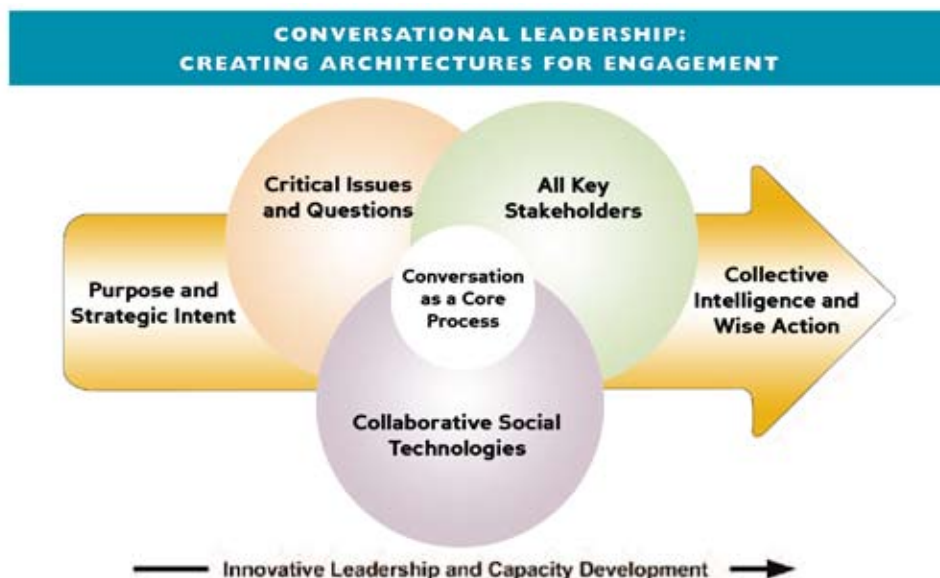
How we come together to address critical challenges and opportunities, and the collaborative social technologies we use to think together about key issues, may mean the difference between “business as usual” and the breakthrough thinking and action we need today. By designing, convening, and hosting conversations about questions that matter—and linking those conversations in disciplined ways—leaders have unprecedented opportunities to tap collective intelligence and guide committed action toward the fulfillment of shared purposes.

So, instead of admonishing our children at school and employees in organizations to “Stop talking and get to work,” we might be better served to encourage them to “Start talking and create together!”

A framework for exercising conversational leadership

What does it mean to take a strategic approach to the development of conversation as a core process, or for an organization to begin “thinking together for a change?” If conversation is the medium through which the art of leadership is practiced—the vehicle through which social and business value are created—how do we get good at it?

We’d like to offer a simple framework for understanding the practice of conversational leadership. It can be applied at several levels, from the design of single meetings to the development of multi-faceted programs or long-term, large-scale strategic change initiatives.



To design effective architectures for engagement, a conversational leader will:

- Clarify purpose and strategic intent
- Explore critical issues and questions
- Engage all key stakeholders
- Skillfully use collaborative social technologies
- Guide collective intelligence toward effective action
- Foster innovative; capacity development

These six processes are represented in “Conversational Leadership: Creating Architectures for Engagement” (see page 3). We will explore them briefly in turn. As you read, reflect on what happens when you consciously use them as part of your leadership. Also, consider the impact when any one of them is missing or used ineffectively.

Clarify Purpose and Strategic Intent

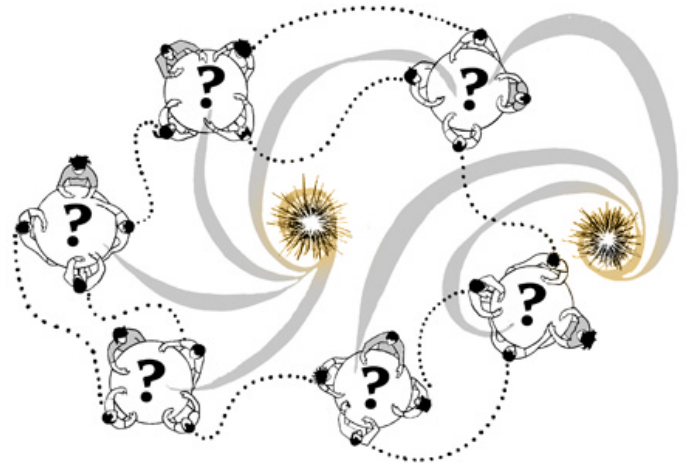
“The goal of strategic intent is to fold the future back into the present ...While strategic intent is clear about ends, it is flexible as to means—it leaves room for improvisation. Achieving strategic intent requires enormous creativity with respect to means.”

—GARY HAMEL AND C.K. PRAHALAD,
“STRATEGIC INTENT,” HARVARD BUSINESS REVIEW

Clarifying purpose or strategic intent is the first step in designing ways to engage. Purpose determines which issues or opportunities are important and which questions matter. It helps leaders discover who the relevant stakeholders are and select which social technologies will support the types of collaboration needed to fulfill that purpose. It guides the development of strategy, and enables all participants to decide both what to do and what not to do as they are called upon to make real-time decisions in rapidly changing circumstances.

When Dr. Phil Cass agreed to serve as CEO of the Columbus Medical Association and Foundation in Ohio, he was well versed in “command and control” leadership but knew another way forward was needed. “I started my new job with the express purpose of creating stakeholder involvement in a way that liberated both the staff and the board’s intelligence,” he said. “I had no idea how to do it and told my staff that we were going to need every bit of ‘grey matter’ we had in order to be successful. But I held the clear intention of

creating a ‘leaderful’ system and haven’t wavered from that all this time.”



As people share insights between tables, the “magic in the middle” and a sense of the whole become more accessible.

To fulfill this purpose, Phil introduced first his own organization and then the broader community to innovative ways of engaging key stakeholders in dialogue on critical issues. His initial experiments with conversational leadership later led to the creation of Our Optimal Health, a county-wide multi-stakeholder initiative aimed at creating a fundamental shift in individual and community well-being while simultaneously enabling the current health system to function more effectively. Over time, a sense of collective purpose has evolved, and many are engaged in renewing and realizing it. “The early stages of work with community leaders began with the short-term intent of seeding conversations that matter in our public spaces,” he said, “but the longer-term intent was to shift the quality of dialogue throughout our community.” Ten community assemblies and new public-private partnerships have begun to embody that opportunity.

Bound by clear intent and supported by social technologies like the World Café, U Process, and Art of Hosting, Phil and a growing network of leaders from throughout the community are pioneering ways to transcend entrenched positions in healthcare and forge collective solutions together. Their efforts demonstrate how purpose and strategic intent serve as a potent “attractors” around which emergent action can organize in today’s complex systems.

Without clarity of purpose and strategic intent, no one knows where they are headed or why.

Explore Critical Issues and Questions

“Something fundamental changes when people begin to ask questions together. The questions create more of a learning conversation than the normal stale debate about problems.”

—MIKE SZYMANCZYK, CHAIRMAN AND CEO,
THE ALTIRA GROUP

Leaders at every level of an organization are typically judged on how well they address the issues and strategic questions that define their domains of responsibility. For leaders as for the rest of us, issues focus attention, evoke our passion, and galvanize our energy. We are motivated to learn and to act by the questions we care most about. Yet we often quarrel about or act on an issue without taking time to thoughtfully define it or to articulate the deeper, underlying questions that can stimulate fresh thinking. A conversational leader develops the capacity for evoking and articulating those core questions—and fosters that capacity in others throughout the organization or community.

Under the leadership of Paul Borawski, for example, the American Society for Quality (ASQ) began a “living strategy” process to determine the future direction of the association. The goal of the initial session with the board’s Strategic Planning Committee was not to produce a traditional one-page plan based solely on the obvious critical issues but rather to discover the key strategic questions that called for further exploration. Paul recalls that the first session “turned ASQ strategically inside out. The committee began to ask questions they discovered weren’t theirs to answer. Some needed to go to the full board; others needed the input of the full membership. The whole thing started to blossom into a realization that many more voices were needed to discover the answers to the key strategic questions raised at that initial session.”

Phil Cass also discovered the power of refraining issues during the initial community dialogues on healthcare he sponsored in Columbus. One powerful shift took place at a conversational leadership learning program with key community leaders when a physician asked, “How can the community create affordable and sustainable healthcare for all?” A second shift occurred when participants in later assemblies realized that a fundamental change in focus was needed from the traditional concern for treating disease to promot-

ing optimal well-being. Together, these breakthroughs inspired the pioneering initiative Our Optimal Health.

Without a focus on critical issues and the questions they evoke, there’s no reason to act and no context for collaborative learning.

Engage All Key Stakeholders

“The task of leadership is to be intentional about the way we group people and the questions that we engage them in.”

—PETER BLOCK,
THE ANSWER TO HOW IS YES

As the ASQ experience suggests, the process of identifying critical questions may also illuminate the need to have diverse voices representing key parts of a system or multiple perspectives on an issue present for innovative solutions to reveal themselves. Gary Haniel highlighted this when he noted that “effective strategy evolution depends on creating a rich web of conversations that cuts across previously isolated knowledge sets and creates unexpected combinations of collective thought and insight.” The emergence of cross-functional teams, multi-stakeholder dialogues, and large-scale processes that emphasize getting the whole system in the room all reflect growing awareness that a more robust “ecology of thought” is needed to fully understand any truly important issue, develop viable systemic solutions, and catalyze widespread engagement and support for organizational or community change.

Conversational leadership starts with a belief in the possibility of collective intelligence—the recognition that we can be smarter, more creative, and more capable together than we can alone. In practice, this leads to asking, “Who needs to be at the table because they have perspectives or information that’s needed? Because they play key roles in decision making? Because they will be involved in implementation? Because they are affected by decisions made and actions taken?”

Engaging all key stakeholders and cross-pollinating diverse perspectives was a guiding principle in Nokia Corporation’s 2007 global initiative to renew its core values. Nokia staff and World Café Community Foundation associates co-hosted sixteen separate “Nokia Way Cafés” in nine countries, involving more

than 3,000 employees from every level of the organization. Factory workers, product designers, sales people, software developers, senior executives, and others participated in face-to-face conversations about the values that would best serve Nokia as an internet company, and how to link core values to business success. Highlights were harvested and shared online with everyone in the company through a video blog. The process culminated with a “Nokia Jam” that engaged all employees worldwide in a 72-hour strategy dialogue. While discovering the common themes in this far-flung global enterprise was challenging, the four new values that emerged were fresh and energizing. They were also widely embraced, because the process had included people from all parts of the company, across functional, cultural, and hierarchical boundaries.

Without engaging all key stakeholders, there is little chance of breakthrough thinking or finding innovative paths forward on critical issues.

Skillfully Use Collaborative Social Technologies
“If you can design the physical space, the social space, and the information space together to enhance collaborative learning, then that whole milieu turns into a learning technology.”

—JOHN SEELY BROWN, FORMER CHIEF SCIENTIST,
XEROX CORPORATION

Discovering shared purpose, evoking collective intelligence, and crafting effective strategies for action don’t happen by accident. To address critical issues and questions with diverse stakeholders effectively, we must be intentional about choosing processes for engagement that allow the contributions of all to coalesce in ways that foster “coherence without control.” Otherwise, bringing key stakeholders with diverse perspectives together can lead to polarized debate, chaos, or a proliferation of ideas without the ability to choose and act.

Since the 1980s, we have witnessed the development and increasingly creative use of highly effective social technologies for thinking and acting together in purposeful ways, including the World Café, Appreciative Inquiry, Open Space, Scenario Planning, and Future Search, among many others. The second

edition of *The Change Handbook*, edited by Peggy Holman, Tom Devane, and Steven Cady, features more than 60 methods for whole systems change. Today these face-to-face technologies have powerful complements in the virtual world. Web-based videoconferencing, online collaboration tools, virtual communities of practice, social media, Second Life, “crowdsourcing,” and other rapidly evolving digital tools are now available to support community building, knowledge development, and complex, coordinated action.



Conversational leadership involves understanding these and other collaborative social technologies, wisely choosing those appropriate for a given purpose, and integrating them in skillful architectures of networked inquiry and cascading action. Mike Szymanczyk, chairman and CEO of the Altria Group, has used these principles and practices of conversational leadership to lead his company in reinventing its future. He told us that:

“If you want to use conversation as a core process, then you have to be intentional about designing the infrastructures that will evoke people’s capacity for thinking together in new ways... We’ve done a number of things over the years to create infrastructures for dialogue and engagement. Some of our choices may seem ‘outside the box,’ but we’ve found they’ve made a real difference. For example, very early on we invented a strategy process, the Game Plan, based on collaborative dialogue and inquiry that is used organization-wide. It focuses on discovering the big questions at the heart of shaping the future and on creating initiatives that respond to those critical strategic questions.

We regularly utilize a variety of conversational

Design Principles for Hosting Conversations that Matter

- Clarify the context
- Create hospitable space
- Explore questions that matter
- Encourage everyone's contribution
- Cross-pollinate and connect diverse perspectives
- Listen together for patterns, insights, and deeper questions
- Harvest and share collective discoveries

architectures and creative meeting formats that foster collaborating thinking and innovative solutions. As part of our large-scale change effort, we've introduced World Café conversations, dialogue circles, Open Space sessions, scenario planning, outdoor experiential learning, and even dramatic theater presentations to stimulate dialogue and breakthrough thinking around critical issues. We use graphic recording and visual language as a key resource to help people think more systemically, connect ideas, and surface difficult concerns.

We've also created special meeting places with double-screen technology to support conversations at a distance in ways that allow us both to see our colleagues from different sites and to work with visual materials related to questions or projects we're exploring."

As the Altria and other stories show, a growing number of leaders recognize that diverse methodologies and their underlying design principles can be used to develop new capacities and create architectures of engagement in and across all levels of an organization (see "Design Principles for Hosting Conversations That Matter"). While Bob Veazie of Hewlett Packard never actually hosted a formal World Café, he said that "throughout the whole safety effort, I held the principles and pattern of the World Café as a guiding image for what was happening in the organization." Understanding the deeper principles involved also enables leaders to integrate different methodologies effectively and to improvise with confidence and skill.

Without the skilled use of collaborative social technologies, dialogue often devolves into diatribe, and solutions are owned by those with the loudest voices or the most power.

Guiding Collective Intelligence Toward Wise Action

"A leader these days needs to be a host— one who convenes diversity; who convenes all viewpoints in creative processes where our mutual intelligence can come forth."

—MARGARET WHEATLEY,
THE BERKANA INSTITUTE

The outcome of all this activity is wise, effective action in service of purpose and strategic intent. Once leaders begin to view the organization or community as a living network of conversations, they can focus that network on questions that truly matter. In addition, they can design infrastructures, like the Altria Game Plan process, that enable the "harvests" from those conversations to connect and complement each other at every level of system.

Research and best practices in every sector are demonstrating that successful outcomes and measurable results are more likely when we bring the voices of all key stakeholders to bear on critical issues using face-to-face and online technologies carefully chosen to foster effective engagement. This is true whether we aim to strategize, foster innovation, improve organizational processes, or nurture community connections.

Conversely, the potential for collective intelligence or wise action is compromised when any ingredient of

Personal Capacities of a Conversational Leader

- Creates a climate for discovery and emergence
- Evokes and honors diverse perspectives
- Asks powerful questions
- Suspends premature judgment
- Explores assumptions and beliefs
- Embraces ambiguity and not-knowing
- Listens for connections between ideas
- Captures key insights and articulates shared understanding

the framework is missing or poorly executed. We've all experienced meetings that are "all process," dialogues in which polarized positions lead to paralyzing debate, narrow consensus among a small group that doesn't represent the whole, and well-designed meetings that go awry when a leader is unclear about intent, loses trust, or decides to exert inappropriate control.

Without collective intelligence and wise, effective action, the future of our organizations, our communities, and our planet remain imperiled.

Innovative Leadership and Capacity Development

"How can we begin to cultivate both the organizational infrastructures and the personal leadership capabilities that are needed to access and act on the wisdom that already exists in our organizations and communities?"

—DAVID ISAACS, CO-FOUNDER,
THE WORLD CAFÉ

In today's environment, developing the capacity for conversational leadership and fostering "process intelligence" at every level of the system may be one of the most productive investments that organizations can make. Yet our formal school systems, executive leadership programs, and on-the-job experience poorly equip present or future leaders with the mental models, personal capacities, or process skills needed to respond creatively to the complexity of today's challenges (see "Personal Capacities of a Conversational Leader").

We need an expanded concept of leadership development—one that encompasses the skills, knowledge, and personal qualities required to create and guide collaborative networks and inquiring systems that continually renew their capacity to learn, adapt, and create long-term business and social value (see "Developing Conversational Leadership"). The pioneering work being done by Phil Cass and his colleagues to transform healthcare in Ohio exemplifies such an approach. After participating in programs at the Shambhala Institute for Authentic Leadership on hosting strategic conversations and leadership in networked systems, Phil introduced new capacity-building opportunities for his staff. He helped them learn how to host World Café conversations, began learning circles to explore

Developing Conversational Leadership

- Do leaders in your organization see it as a living network of conversation in which the "real work" is accomplished?
- How are you leveraging the power of conversation as a core process for thinking together in designing strategic change initiatives?
- How much time do you and your colleagues spend discovering and framing the right questions in relation to time spent finding the right answers?
- How knowledgeable are you and other organizational leaders about the use of both face-to-face and virtual technologies for collaborative learning, collective intelligence, and coordinated action?
- Are your physical work spaces and meeting areas designed to encourage the informal interactions that support good conversation and collaborative learning?
- How much of your leadership and capacity development budget is geared toward helping leaders think systemically, see inter-dependencies, and master conversational approaches that foster thinking together about critical issues?
- Is crafting architectures for effective engagement among key internal and external stakeholders an essential role and capacity for leaders?
- How does your organization help leaders cultivate the personal capacities required for success in all these ventures?

key authors' ideas, and redesigned staff meetings and planning retreats to encourage knowledge sharing and whole systems thinking across organizational boundaries. He then cosponsored workshops in the community for leaders from associated organizations and youth to learn and practice the capacities for hosting that lie at the heart of conversational leadership.

Without leadership capacities that rise to today's complex systemic challenges, we rely on perspectives and approaches from an earlier era that are no longer adequate and undermine our best intentions.

Shaping positive futures

Conversational leadership uses conversation as a core process to create tipping points for change. It invites us to complement our traditional focus on methods for business process improvement with a focus on methods for talking and thinking together effectively to simultaneously create the social process improvement needed to maximize business and social value. At the heart of this work is an understanding of organizations as networks of conversations and a belief in the power of collective intelligence. This knowledge invites leaders to host diverse voices in addressing critical issues using the most powerful face-to-face and online process technologies now available. Our individual and collective power is amplified as we “think together” in disciplined ways and then connect our conversations to create possibilities for large-scale systemic change. “True learning organizations are a space for generative conversations and concerted action, which creates a field of alignment that produces tremendous power to invent new realities in conversation and to bring about these new realities in action,” wrote Peter Senge and Fred Kofman.

It is through conversational leadership that we can bring such organizations into being. In an era in which all of us are called to step forward with courage, it has the potential to transform how leaders understand the organizations they serve, how companies and communities can employ the collective intelligence of all stakeholders in service of shared aims, and how all of us participate in “thinking together, for a change.” ■

The authors welcome your insights, questions, and perspectives. Please contact them at conversationatleadership@theworldcafe.com.



For further reading

- Juanita Brown and David Isaacs, “Conversation as a Core Business Process,” *The Systems Thinker*, December 1996/January 1997
- Juanita Brown, David Isaacs, Eric Vogt, and Nancy Margulies, “Strategic Questioning: Engaging People’s Best Thinking,” *The Systems Thinker*, November 2002
- Eric E. Vogt, Juanita Brown, and David Isaacs, *The Art of Powerful Questions* (Pegasus Communications, 2003)
- Juanita Brown, David Isaacs, and the World Café Community, *The World Café: Shaping Our Futures through Conversations that Matter* (Berrett-Koehler, 2005)

Women and Negotiation: Why Men Should Come to the Table

Andrew Cohn

ANDREW COHN works globally as a consultant, advocate, facilitator and problem-solver for businesses and individuals. He is principal of [Lighthouse Consulting](#) based in Philadelphia, and a Fellow, consultant and course leader for the Oxford Leadership Academy.

AS A LAWYER, MEDIATOR AND CONSULTANT who has advised organizations on questions of gender balance, diversity and women's leadership, it is not surprising that *Women Don't Ask: Negotiation and the Gender Divide*, by Linda Babcock and Sara Laschever caught my attention. The book summarizes research around women's general reluctance to negotiate, as well as the challenges faced when they do.

Ms. Babcock is a professor of economics and the principal researcher, and Ms. Laschever is a writer based in the United States. While not an expert in this area of research, I have read much of the research about how men and women tend to operate differently at times, and my experience is usually consistent with that research.

The primary finding of *Women Don't Ask* is that women often get less because they ask for less. Not only do women aim lower, according to the research, but in many cases they don't ask at all. Why is that? Because women are less sure of what is negotiable and what would constitute a good deal. The research further indicates that, for women, the social costs of

THE PRIMARY FINDING OF *WOMEN DON'T ASK* IS THAT WOMEN OFTEN GET LESS BECAUSE THEY ASK FOR LESS.



negotiating seem much higher in many cases than the benefits. Women might have learned that to ask is to be argumentative, unpleasant or uncooperative, and so they might avoid negotiating.

It isn't that women don't negotiate. Ms. Laschever points out that women often negotiate on behalf of someone else.

In some contexts women are generally more effective negotiators than men, the authors note. They generally negotiate well with other women and with men who use a cooperative negotiation style, and in negotiations in which creative problem-solving or moving beyond "fixed pie" solutions are possible. Women have the advantage in these types of negotiations because



As a man, am I to blame for this? I think not. I do not create social forces although I certainly have a part in perpetuating them. This may seem obvious, but the answer to the responsibility question strongly influences how willing we are to engage. All of us – but particularly men – are more willing to engage in a constructive conversation if we are not at the same time shouldering the blame.

Who is impacted by this?

Is this something that affects only women, and therefore something that women alone must manage? No. I am affected by my colleagues' willingness and ability to negotiate, as well as my client's negotiation skills. I am affected by the effective negotiation (or lack thereof) of my wife, my sister and mother, and the other women in my life. I am impacted by the success and fulfillment enjoyed by my women friends, and by any unhappiness they experience as a result of unpleasant and unproductive negotiations.

This is not their issue; it is our issue.

What can I do about it?

I can do my best to promote the type of win-win negotiation that generally suits women best. Because this type of negotiation creates a positive impact on the parties' relationship, it is likely to be in my best interest to do that anyway. In doing so, I can make the "women's style of negotiation" more the norm than the exception. I can recognize what might add value and do more of it.

I can offer support for the women I know as they prepare for important negotiations, whether they be professional or personal. While I do not consider myself to be an expert negotiator, I might be able to provide ideas and suggestions in preparation for negotiation. I could also provide encouragement; if it is true that women back off because they might think that negotiating renders them uncooperative or argumentative, I can remind the women in my life that they are absolutely entitled to go for what they want in their

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they require communication, information sharing, and trust-building approaches – areas where women are generally more skilled than men. These win-win negotiations often create better relationships between parties, make execution easier, and contribute to better negotiations in the future.

Assuming these conclusions are correct (and my experience bears them out), three questions suggest themselves to me: (1) Who is responsible for these dynamics?, (2) Who is impacted by this?, and (3) What can I do about it?

Who is responsible for these dynamics?

According to these research findings, social forces (including childhood games, classroom conduct, and family roles) play a major part in the creation of these gender differences. These forces direct and reward women for focusing on others' needs, rather than their own desires. Social norms that define "appropriate" behavior for women discourage assertive self-interested tactics more commonly used by men in negotiation.

business and personal dealings. I can support them in remembering that.

I could also invite the women in my life to read the new book by Ms. Babcock and Ms. Laschever, entitled *Ask for It: How Women Can Use the Power of Negotiation to Get What They Really Want.* This book is a how-to manual that offers women (and men) strategies and techniques for negotiating. It helps women and men recognize opportunities to negotiate, avoid the real or perceived social costs of asking, and ultimately have more of what they want. The four phases of negotiation are discussed, including: preparation (including deciding what we want and don't want – challenging personal assumptions in the process), research and discovery (to determine what is possible and realistic), pre-negotiation preparation (which involves deciding how high to aim and creating a strategic plan), and the negotiation itself. This book is a great resource.

Finally, I can continue to look for opportunities to support my clients, colleagues, friends and family as they identify their focus and take steps to realize their goals. For some of us, negotiation is challenging. For others, it is something else. We all have barriers. Books like these help identify their causes and offer solutions that will help us have more of what we want – whether it needs to be negotiated or not. ■





Business as Change Agent: Wal-Mart pioneers sustainability strategy

Frank Dixon

FRANK DIXON, principal of [Global System Change](#), advises governments, nonprofits and businesses – including Wal-Mart – on sustainability, system change and enhancing financial performance through increased corporate responsibility.

ON 24 OCTOBER 2005, WAL-MART CEO LEE SCOTT GAVE ONE OF THE MOST IMPORTANT BUSINESS SPEECHES EVER. In it, he committed one of the largest companies in the world to sell sustainable products, make zero waste and use 100% renewable energy.

The implications are huge and not just because Wal-Mart is huge. The company's ambitious goals cannot be achieved without systemic changes that are at least partly beyond the company's control – changes to supply chains, regulations and consumer awareness, to name a few. By addressing these challenges, Wal-Mart is pioneering what may be the first large-scale strategy that has the potential to achieve full sustainability.

Any full sustainability strategy must acknowledge the systemic forces that all but compel companies to negatively impact society. This article makes clear

what those forces are. It also describes why sustainability will be *the* competitive advantage strategy of the 21st century. Finally, we'll see how Wal-Mart is translating those forces into opportunities for competitive advantage.

Understanding the role of systems

All companies produce negative environmental and social impacts. As the world's largest company, Wal-Mart is highly visible for its environmental and social impacts. Several activist efforts have arisen in response to the company's impacts, including the film *Wal-Mart: the High Cost of Low Price*. Activist efforts have no doubt influenced Wal-Mart's decision to adopt an aggressive sustainability strategy.

Many of the environmental and social improvements over the past 50 years were initiated by such activist campaigns. Companies can improve in many ways, and activist pressure can effectively encourage such improvements. However, achieving sustainability probably requires that activist efforts focus on systemic issues as well. Individual companies cannot fully mitigate many of their impacts because overarch-

BECAUSE WAL-MART IS SO LARGE, IT RECEIVES BLAME FOR LARGER SYSTEMIC PROBLEMS AS WELL. FOR EXAMPLE, THE DECLINE OF SMALL-TOWN AMERICA BEGAN LONG BEFORE WAL-MART OPENED ITS DOORS. THE VAST MAJORITY OF SMALL US TOWNS IN DECLINE DON'T HAVE WAL-MARTS.

ing economic and political systems make it essentially impossible to do so.

To illustrate, criticisms of Wal-Mart made in *Wal-Mart: the High Cost of Low Price* could be made of many other companies. But because Wal-Mart is so large, it receives blame for larger systemic problems as well. For example, the decline of small-town America began long before Wal-Mart opened its doors. The vast majority of small US towns in decline don't have Wal-Marts. To be sure, the spread of chain stores contributes to the closing of local businesses, but this dynamic is not Wal-Mart's doing. Wal-Mart is simply the most successful at playing by the current rules of the game, rules that largely do not account for the closing of small businesses and the many other negative impacts of chain stores.

The much larger driver of the demise of small-town America, as well as nearly every other environmental and social problem, is our society's embrace of a system that does not adequately balance economic with other interests. Failure to focus on this creates frustration for all and ensures little progress in protecting future generations. No CEO wants to hurt society or leave a legacy of environmental destruction. Most CEOs want to enhance society by ensuring that their companies provide maximum value to customers.



There is no lack of good intention. Business leaders usually are trying to do the right thing in a system that often compels them to do the opposite. For example, we might encourage business leaders to focus on five things – the environment, children, employees, communities and shareholders. But then, we measure performance (and set rewards) for only one thing – taking care of shareholders. Business leaders understand that they could be fired and possibly sued if they put anything ahead of the interests of shareholders. This system of placing shareholders before all else guarantees that all other concerns take a backseat.

On the upside, mitigating negative impacts and acting more responsibly can enhance profitability and provide many business benefits – up to a point. Beyond that point, impact mitigation increases costs and weakens competitive position. If a company seeks to mitigate too many negative impacts, it will put itself out of business. In other words, companies violate their responsibility to shareholders if they try to mitigate all of their negative environmental and social impacts. Current economic and political systems unintentionally create a situation where corporate survival often demands that companies degrade the environment and society. Over the long term, this also will degrade business because businesses cannot survive without the environment and society.

Nearly all efforts in the corporate sustainability movement have focused on perhaps 20 percent of the problem – company-level issues such as reducing pollution, making safe products, taking care of workers, acting responsibly in developing countries, and so on. However, 80 percent or more of the unsustainability problem probably relates to the system level. If rules were changed in a practical and reasonable way that held companies fully responsible for the cost of negative impacts, then companies would act in a fully responsible manner because this would be the best or only way to maximize shareholder returns.

No doubt, activist efforts provide a valuable service to society by pushing companies to act more responsibly. However, when activists blame companies for impacts that essentially are systemically mandated and thus beyond the control of companies, everyone gets frustrated. Business leaders try hard and want to do better, but can't. Activists want more progress, but don't get it.



The fact that companies cannot mitigate many of their impacts does not absolve the corporate sector of responsibility. A more practical approach to sustainability is to shift some of the focus from corporations to systems. As companies recognize that systemic issues force them to damage society and the environment, they have an obligation to work for system change.

Activist efforts can be more effective by simultaneously working on two fronts: (1) encouraging companies to mitigate impacts wherever possible and (2) encouraging them to work for system change whenever impact mitigation is not possible.

To ensure the survival and prosperity of current and future generations, system change must become a major focus of business, government and civil society.

Changing systems

Evolving economic, political and social systems in a way that maximizes the well-being of current and future generations is by far the most difficult challenge facing business and society today. There are no easy answers – probably no single person or group knows how to do it. Effective solutions only can be developed in a collective, collaborative manner.

Three principles or capacities can support system change efforts – systems thinking, responsibility and an orientation toward practicality.

Systems Thinking. Einstein said we cannot solve our problems with the same level of thinking that created them. Existing economic and political systems were developed from a reductionist perspective that does not take the whole system into account. Because these systems ignore relevant issues, they are inherently flawed. Evolving them in ways that eliminate conflicts

between the interests of business and the interests of society is a hugely complex task – but it is the only way.

Humans are surrounded by an almost infinite level of complexity, in our bodies and in nature. Being part of nature, we have the capacity to operate at a much higher level of complexity and sophistication than that shown in our current economic, business and political systems. The question is not, “Can we do it?”, but rather, “Can we develop the will to do it?”

Reality will greatly assist in this area. If we don’t find ways to voluntarily abide by the laws of nature, nature will force us to comply. Environmental and social problems are manifestations of humanity’s failure to think and act systemically. As these problems increase, pressure to think systemically and evolve our systems into sustainable forms also will increase.

Responsibility. There are many different economic-, political- and social-system flaws that compel companies to operate unsustainably. Most of these could be rolled up into one overarching system flaw – the failure to hold companies fully responsible for their negative impacts on society. In a competitive market, companies cannot mitigate impacts completely. Costs would become too high relative to companies that were not fully mitigating. Only when all companies are held fully responsible will sustainability and full responsibility be a viable option in a competitive market.

Practicality. Holding companies fully responsible will be difficult. Quantifying impacts, especially longer-term intangible impacts, is difficult, and existing regulations already are burdensome. Altering large, entrenched economic and political systems could be destabilizing to society if it is not done well. Finding practical, reasonable, incremental ways to hold companies more responsible over time is critical to success. For a systems-change strategy to work, it must respect and operate within existing systems. Evolution is more practical than revolution. On the corporate level, practicality means understanding and respecting that change efforts must be profit-enhancing or, at worst, profit-neutral. An approach called Sustainable Systems Implementation (www.GlobalSystemChange.com) provides a practical, profit-enhancing method of driving system change through collaborative efforts.

Sustainability and competitive advantage

The sustainability movement includes corporate, activist and other efforts to ensure that future generations are able to survive and prosper. The movement has been growing rapidly in response to increasing environmental and social concerns. In the social area, technological advances, economic expansion, and increasing media and Internet access provide many benefits, but also dilute and disrupt traditional ways of life. Combined with population growth, a widening gap between rich and poor, and other factors, these changes are fueling social distress and turmoil in many regions.

Environmentally, population growth and rising living standards are driving rapid depletion of the world's finite resources. Increasing pollution and resource consumption have challenged nearly every life support system – clean air, clean water, forests, fisheries, wetlands, topsoil, aquifers, biodiversity, and so on.

Industry produces over 80,000 synthetic chemicals. Only a small percentage of them have been tested for safety by independent third parties. Basic physics tells us that many of these chemicals will disperse into the land, air and water, and then accumulate in humans. The human body did not evolve in the presence of these chemicals. As a result, many of them are contributing to increasing cancer, reproductive problems and other illnesses.

Carbon emissions from human activities (mainly the burning of fossil fuels) have increased atmospheric carbon to more than 30% beyond any level seen in the past 400,000 years. Carbon and other emissions drive climate change and pose great risks to society.

Business provides many benefits to society, but also plays a major role in the decline of environmental and social conditions. Historically, many of the negative environmental and social impacts of companies were difficult to identify and quantify. As a result, companies often were not held responsible for impacts. Now, as the scale of human activity increases in the finite global system, impacts are more obvious and companies are under growing pressure to assume responsibility for them. This pressure can take the form of increasing regulations, lawsuits, market rejection and activist campaigns.



Growing pressure to assume responsibility for negative impacts is making environmental and social issues more financially relevant to companies. Increasingly, companies that are more proactive than peers in addressing these issues gain many benefits, including enhanced reputation and brand value, increased ability to attract and retain a high-quality workforce, improved employee morale and productivity, better product and service quality, reduced energy and material costs, lower finance and insurance rates, enhanced community and stakeholder relations, and facilitated access to resources and new markets – all combining to yield enhanced profitability, market share and competitive position.

As the world in effect becomes smaller, the ability to think systemically and act responsibly will become the primary driver of business success in the 21st century.

Wal-Mart's sustainability strategy

Environmental and social problems are becoming business problems, especially for a company of Wal-Mart's size. As the largest retailer of many types of products, supply constraints driven by environmental and social problems seriously threaten Wal-Mart's ability to survive and prosper.

Wal-Mart always has been a pioneer, going against conventional wisdom. It has anticipated market opportunities and executed effective strategies to capitalize on them. It has revolutionized supply chain, logistics and service to rural areas. Now Wal-Mart is capitalizing on the sustainability opportunity. By using business power to improve environmental and social conditions, it will enhance its own prosperity.

This approach is highly consistent with Wal-Mart's founding values. More than anything else, Wal-Mart's

INCREASINGLY, COMPANIES PROACTIVE IN ADDRESSING THESE ISSUES GAIN MANY BENEFITS, INCLUDING ENHANCED REPUTATION, INCREASED ABILITY TO ATTRACT A HIGH-QUALITY WORKFORCE, IMPROVED EMPLOYEE MORALE, BETTER PRODUCT QUALITY, REDUCED ENERGY COSTS, LOWER FINANCE RATES, ENHANCED STAKEHOLDER RELATIONS, AND FACILITATED ACCESS TO NEW MARKETS

unprecedented success is driven by a strong and enduring commitment to providing high value and service to its customers. The focus on sustainability is an evolution of the company's values. It is the recognition that serving the customer goes beyond providing high-quality, low-cost products – it also includes doing so in a responsible and sustainable manner.

Since 2005, Wal-Mart has implemented an aggressive sustainability strategy which has made rapid progress due largely to the strong commitment of senior management and existing organizational capacity to implement new strategic directions. People are motivated, and compensation schemes are in place to support them.

Beneath the sweeping and ambitious environmental goals are a host of sub-goals and initiatives. Past and ongoing environmental goals and initiatives include:

- Double truck fleet fuel efficiency within ten years (which would save over \$300 million per year).
- Design and open a new store prototype that improves energy efficiency and reduces greenhouse gas emissions by up to 30% in these stores.
- Reduce greenhouse gas emissions from existing stores, clubs and distribution centers by 20%.
- Establish a US program that gives preference to suppliers who aggressively reduce emissions.
- Implement a China program that gives preference to environmentally-responsible suppliers.

- Aggressively pursue regulatory and policy changes that promote energy efficiency and renewable energy.

- Reduce solid waste from US stores and clubs by 25%.

- Work with suppliers to reduce packaging, increase recycled content, and expand recycling of packaging.

- Eliminate PVC packaging from private label brands within two years.

In the social area, past and ongoing initiatives include:

- Sourcing: establish independent monitoring of Wal-Mart's factory certification program; separate the factory certification and buying functions; cease doing business with supplier factories that fail to meet Wal-Mart's ethical standards; collaborate with industry, government and NGOs to improve sourcing in developing countries.

- Healthcare: make healthcare insurance available to all employees for \$23 per month or less and their children for \$15 per month; put healthcare clinics in stores for employees and customers; provide volume discounts on healthcare insurance to small businesses; collaborate with business, government and others on US healthcare reform with the goal of lowering costs by as much as 25%.

- Wages: supported an increase in the US minimum wage; continue paying market wages.

- Communities: enhance existing community engagement processes with the goal of building mutually beneficial partnerships and better meeting community needs.

- Diversity: increase the percentage of women and minorities in management; tie management compensation to achieving diversity goals; use Wal-Mart scale to assist and grow minority-owned businesses.

This is just the tip of the iceberg. Sustainability is not a separate initiative at Wal-Mart, as it is at many other companies. Sustainability is being inte-

grated into all parts of the business. Beyond its own operations, an analysis of Wal-Mart's environmental impacts revealed that about 90 percent of them occur in the supply chain. As a result, Wal-Mart has established business networks in several areas, including buildings, fleet, waste, packaging, food & agriculture, seafood, wood products, electronics and apparel. The goal of these networks is to work with suppliers and other stakeholders to drive substantial improvements in sustainability performance. Suppliers proactively working to improve performance have the potential to receive preferred access to Wal-Mart.

Wal-Mart has over 65,000 suppliers, and many are largely or completely dependent on the company for their continued success. Wal-Mart thus has unprecedented power to drive change in many industry sectors. It is seeking opportunities to use its scale to drive commercialization of more efficient technologies in various areas including transport, refrigeration, lighting and HVAC. The company's size and aggressive approach can help make sustainability a major focus of business in the 21st century.

In today's markets, the healthiest, most sustainable products, such as organic foods, often are too expensive for many consumers. Wal-Mart is working to make these products affordable for everyone. Through economies of scale, it plans to lower costs for many types of sustainable products. For example, it is placing large orders for organic cotton and requiring that all US shrimp farms supplying Wal-Mart receive third-party sustainability certification.

Probably the most important aspect of Wal-Mart's sustainability strategy is the willingness to address system change in a practical way. In the business networks, Wal-Mart and other network part-

ners consider systemic barriers to sustainability and develop practical ways of addressing them. Actions might include seeking regulatory change, raising public awareness, and working with suppliers to develop more sustainable products.

WAL-MART'S UNPRECEDENTED SUCCESS IS DRIVEN BY A STRONG AND ENDURING COMMITMENT TO PROVIDING HIGH VALUE AND SERVICE TO ITS CUSTOMERS. THE FOCUS ON SUSTAINABILITY IS AN EVOLUTION OF THE COMPANY'S VALUES.

Wal-Mart's pioneering approach to sustainability has the potential to lead the sustainability movement to a new level. By improving its own operations, forming business networks and addressing systemic issues in a practical way, the company is implementing what may be the first sustainability strategy that actually has the potential to achieve sustainability. ■■■



Feminine Principle and Theory U

Arawana Hayashi

ARAWANA HAYASHI is a teacher of meditation in the Shambhala Buddhist tradition, and a lifelong dancer. Since 2004 she has worked with *TheoryU* author Otto Scharmer to apply contemplative and physical disciplines to effect transformative change in teams and organizations. She is creator of *Social Presencing Theater*, a new synthesis between theatre, embodied presence, dialogue, and stillness.

MANY OF THE WISDOM TRADITIONS IN THE WORLD offer views on the feminine. Feminine principle, as it was introduced to me by my meditation teacher, Chögyam Trungpa, is a very profound topic, and I have found it to be a completely practical principle in work and everyday living. Feminine principle has nothing whatsoever to do with gender or gender politics. Although women's wisdom is a very worthwhile topic, it is not really the focus here. The essence of feminine principle is space – vast, vast space. It is an investigation of the open space of mind and heart of both women and men. And it invites each of us to discover how we can manifest more spaciousness and openness in our daily living and our work with others.

There is a habitual tendency for many of us to focus our attention on content – on the words, on the figures, and on the actions. Feminine principle invites us instead

to notice the space or the background. It expands our attention to the atmosphere or the environment. It invites us to notice the space out of which expressions arise. Maybe this seems a little obscure, but it is actually very present and in everyone's experience. It is perhaps the invisible or intangible sense of our experience – not easily talked about, but there nevertheless.

FEMININE PRINCIPLE INVITES US TO TAKE A BIGGER VIEW, TO SEE THE WHOLE PICTURE, AND TO RELAX A LITTLE.



Feminine principle invites us to take a bigger view, to see the whole picture, and to relax a little.

And what is Theory U?

Theory U's originator, Otto Scharmer, says it is three things. First, it is a framework describing a change process. Second, it is a method for effecting change personally and organizationally, in communities and globally. And third, it is a description of phenomena in the world – what is naturally happening.

Theory U is a response to the times and is an approach to address complex issues – including climate change, poverty, health, financial instability, and education. It addresses issues that cannot be solved by relying on an upgraded version of the past. These issues require innovative, fresh, and deeper ways of knowing and acting.

As a change process, Theory U can be seen in three main parts – *sensing*, *presencing* and *realizing*. The sensing phase can be divided into first seeing clearly what is present and then sensing into what is observed. Literally, we are invited to use our sense perceptions rather than relying on past or second-hand information. We are asked to suspend our judgments, opinions, assumptions and mental models, and to use our eyes and ears and the feeling of our bodies to sense into whatever the context is. We are asked to convene groups and to get out and talk to people – to pay attention in an unbiased way, to empathize with those we interview, to watch and to listen with full attention as we take learning journeys. We are asked to notice how our bodies feel and include this information as a vital part of our sensing process.

One of the main tools for sensing is listening. Listening and dialogue practice is an application

of feminine principle. Listening makes a space. It is holding an open, unbiased and caring space for another person to speak into. Feminine principle is a sense of warmth and open heartedness – unconditional friendliness that comes into the pauses in conversations and into our moments of silence. It is unconditional because it is not based on anything in particular. It is not caused by circumstances – because they were nice to me or because I want something from them, I will be friendly to them. For no particular reason, just because we are human and appreciate our life, we can provide a friendly listening space for other people.

LITERALLY, WE ARE INVITED TO USE OUR SENSE PERCEPTIONS RATHER THAN RELYING ON PAST OR SECOND-HAND INFORMATION.

As we sit in a circle in dialogue groups we are invited to listen into the centre of the space. The voice of collective wisdom emerges from the space of the whole. As change leaders we are invited to cultivate the capacity to engage in conversations from this place. My teacher, Trungpa Rinpoche, called this the practice of “spontaneous insight.”

Presencing

Spontaneous insight requires paying attention and being present in every moment. We are grounded in our bodies and in the present. From there we pay attention to what is emerging, and how we pay attention affects the outcome. In Theory U, listening into the space and learning from the future as it emerges is called presencing. After being thoroughly immersed in the sensing and learning processes, we take time to let go of all our expertise and experience. Rather than moving directly into problem solving or brainstorming, we take time for retreat and reflection. This could be individually or collectively, it could be a short break on a longer period, but it is a time for inner work. This could include solo time in nature or some kind of meditation or other inner cultivation practices that help us get in touch with who we really are and how we might best benefit community and planet. It is deliberately bringing more space into our work and deeply joining our personal life journey to the community change effort.





Perhaps stopping, letting go and hanging out in a space of not-knowing takes a leap of faith. Hanging out without answers or a plan can be scary, and presencing might seem like a waste of time. Paying attention to the space and to the feeling quality in the room could be seen as wasting time, particularly if there is a disproportionate value given to jumping around, fixing people and doing things. Feminine principle is all about empty, open, agenda-less time and space. This approach asks us to trust that human beings individually and collectively have wisdom. In fact, we could say that people have all the wisdom they need to solve the world's problems. As change agents we therefore create situations in which this wisdom naturally comes forth.

Wisdom is a high-minded word, but I am using it to indicate an ordinary intelligence that speaks for the

WE COULD SAY THAT PEOPLE HAVE ALL THE WISDOM THEY NEED TO SOLVE THE WORLD'S PROBLEMS. AS CHANGE AGENTS WE THEREFORE CREATE SITUATIONS IN WHICH THIS WISDOM NATURALLY COMES FORTH.

whole. We can trust that the wisdom will come and will crystallize into insights, innovations, and fresh ideas. Intelligence that is not based on a small-minded sense of self, but rather is inseparable from complete openness, is the feminine principle.

Feminine principle can also be a trickster. Creativity cannot be scheduled, controlled and made to play by rules. It needs an environment with the right balance of freedom and discipline. It needs a container, a space. It needs an atmosphere of open playfulness, humour and some wildness. Creativity, by nature, is a wild card.

Realizing

Masculine principle describes how to manifest. It describes the skilful means needed to engage in compassionate, powerful and wise action. Perhaps it can be connected to the right side of the U – the *realizing* process of bringing insights, sparks of inspiration, and crystals of ideas into prototypes. Here we move into action quickly and create small projects that can move the vision forward. We bring our vision down to earth and join the ideas with all the on-the-ground practicalities, restrictions, demands and obstacles.

Recognizing the gap between what we sense is possible and the current reality is often a place of discouragement and frustration. Here, remembering the gentleness of the feminine principle can encourage us to lighten up and extend some kindness to ourselves and to the ones we work with. Working to change our team, our organization, or our community is not an easy job. It requires fearlessness of the masculine principle, the gentleness of the feminine principle, and the intelligence to know how to balance these in the challenges that we encounter.

CREATIVITY, BY NATURE, IS A WILD CARD.

I once heard Otto say, “Sometimes all we know is which direction to face and where to put our foot down for the next step.” Knowing which direction to face is feminine principle; taking that step is masculine principle. And moving forward is always possible. ♦



Developing Leaders? Developing Countries?

Henry Mintzberg

HENRY MINTZBERG is Cleghorn Professor of Management Studies at McGill University in Montréal, Canada, and co-founder of [Coaching Ourselves](#). He is the author of many books about management and leadership including [Managers not MBAs](#) and the recently published [Managing](#). The following article has been updated from the original, published in 2007.

WE DEVELOP LEADERS, AND WE DEVELOP COUNTRIES. Or so we believe. We also believe that we develop countries by developing leaders. Perhaps we need to develop our thinking.

Questions for development

When I visited Ghana, having spent little time in Africa, I came with the usual question: How can such a “developing” country be developed? But something troubled me about this formulation. Did it have to do with the word “developing” – so often a euphemism for the absence of economic development? Do countries stop developing because outsiders are so intent on developing them?

I was the guest of the Kweku Hutchful Foundation of Ghana, which had invited me with a different question: How can Ghanaian leaders be developed? Something troubled me about this formulation too.

AS ONE OF ANNAN’S ADVISORS TOLD A JOURNALIST, HE “RUNS THE U.N. LIKE AN OLD FASHIONED AFRICAN VILLAGE, WITH LONG DISCUSSIONS AMONG THE ELDERS, PERIODS OF REFLECTION AND EVENTUALLY A DECISION.”

That word again. Do we really “develop” leaders? On my second day, three Ghanaian colleagues and I were walking through the botanical gardens near Accra when one of them asked me what I thought of multinational enterprises. Not much, at least in places like this, I answered, knowing where that question was coming from. That led the Ghanaians into a discussion of why there had to be so much control of domestic operations by foreign headquarters. Do they really understand the local needs? Just because some “best practice” works in New York, does that mean it will work in Accra? They felt that even many of the international NGOs and “development” agencies, not only the IMF, act in much the same way.

We mused about how American managers might react to consultants arriving from Ghana with *their* “best practice”: “It worked in Accra so it is bound to work in New York!” Then we realised there was a prominent example of just that.

Leadership as heroic or engaging?

That same example came up the very next day when I visited Dr. Kwame Bediako at what was described to me as his centre for developing leaders. So I expected to



get a good dose of empowerment, team building, and all the rest of that leadership jargon. But Dr. Bediako turned out to be a theologian, astute and well-published, concerned with moral leadership. He was especially interested in the African and Ghanaian approach to leadership. “So how do you teach leadership here?” I asked, and he shot back “We just show it.”

The same telling example that Dr. Bediako brought up was a fellow Ghanaian named Kofi Annan, who had “shown it” rather profoundly in New York, in perhaps the most difficult organisation in that city, the United Nations. Here is a truly global organisation that had improved remarkably under his stewardship, although hardly in the fashionable style of “turning around” so many of New York’s ostensibly global corporations. Annan may have spent most of his career outside of Ghana, and had some of his higher education in the United States, but to Dr. Bediako, who was at school with him, his approach to leadership was decidedly African and Ghanaian. As one of Annan’s advisors told a journalist, he “runs the U.N. like an old fashioned African village, with long discussions among the elders, periods of reflection and eventually a decision.”

To describe Annan’s style, Dr. Bediako talked about traditions of service, honesty, and modesty – hardly labels one would use for those corporate chief executives pulling down huge bonuses in New York. Of course, he could hardly control his organisation the way they control theirs, doing the great deals and imposing the grand strategies on everyone else. But perhaps he knew better. He had, after all, spent his career in the organisation he ran; he was not parachuted in from above and beyond: Kofi Annan was the first

career employee to head up the U.N. So he knew what was wrong and appreciated that it had to be fixed carefully and patiently, by engaging the staff rather than intimidating them. Kofi Annan listens, Dr. Bediako said, and brings people together, no simple matter in the tangle of relationships that surrounds and infuses the United Nations. Words prominently used for his tenure included moral and courageous.

Accordingly, Kofi Annan’s re-election to a second term came with the support of nations all over the world, rich and poor, as well as of the U.N. staff itself. Imagine the leader of an organisation chosen with reference to the led! But, as Dr. Bediako pointed out, that kind of recognition is what makes someone a leader.

The leadership style so prevalent in the United States today might be termed “heroic”: the great one imposed on the wayward organisation to turn it around, dramatically – all too often by firing much of its staff. How much honesty, let alone moral courage, does that take? I think of true leaders as *engaging*: they engage others with their thoughtfulness and humility because they engage themselves in what they are doing – and not for personal gain. Such leaders bring out the energy that exists naturally within people. If there is a heroic dimension to their behavior, it is not by acting heroically so much as by enabling other people to act heroically. Is this kind of leadership developed? Was Kofi Annan “developed?” Do these “developing” countries – or “developed ones” for that matter – need to develop heroic leaders?

Time for indigenous development?

After I had spent some time in the countryside and met various people, the Hutchful Foundation organ-



TWO WAYS TO MANAGE

Heroic Leadership

Managers are important people, quite apart from others who develop products and deliver services

The higher “up” these managers go, the more important they become. At the “top,” the chief executive is the corporation

Down the hierarchy comes the strategy – clear, deliberate, and bold – emanating from the chief who takes the dramatic acts. Everyone else “implements.”

Implementation is the problem because while the chief embraces change, most others resist it. That is why outsiders must be favoured over insiders

To manage is to make decisions and allocate resources – including those human resources. Managing thus means analyzing, often calculating, based on facts, from reports

Rewards for increasing performance go to the leadership. What matters is what’s measured, shareholder value in particular

Leadership is thrust upon those who thrust their will on others

Engaging Management

Managers are important to the extent that they help other people to be important

An organisation is an interacting network, not a vertical hierarchy. Effective leaders work throughout; they do not sit on top

Out of the network emerge strategies, as engaged people solve little problems that grow into big initiatives

Implementation is the problem because it cannot be separated from formulation. That is why committed insiders are necessary to resist ill-considered charges imposed from above and without

To manage is to bring out the energy that exists naturally within human beings. Managing thus means engaging, based on judgment, rooted in context

Rewards for making the organisation a better place go to everyone. Human values matter, few of which can be measured

Leadership is a sacred trust earned from the respect of others

ised a workshop over a day and a half to discuss the issues of leadership and development. This brought together about twenty Ghanaians from all sectors: the Ministry of Health, the National Union of Students, the Employers Association, a variety of NGOs – Ghanaian and international – as well as entrepreneurs, academics, and consultants

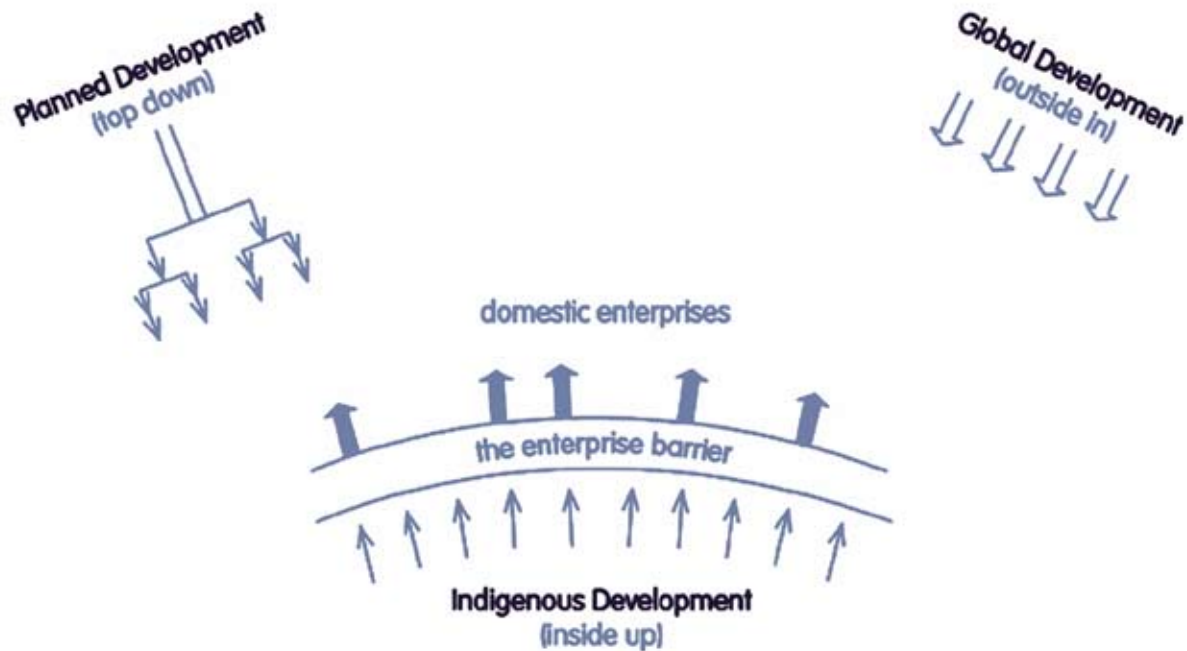
By this time, my concerns about both forms of development were becoming clearer, and I discussed them with the group. Perhaps we don’t develop leaders so much as foster the conditions that bring leadership out, in context. And key among these conditions has to be the self-respect that derives from working things out for ourselves, individually and collectively. And that, in turn, is fostered by organisations that can likewise stand on their own feet and find their own ways of doing things, building on the best of their own

cultural traditions.

The passive importation of techniques, controls, and beliefs, via outside agencies and experts that run around solving everyone else’s problems, may be the very problem of development. Globalisation certainly develops the “global” corporations of the wealthy world. But does globalisation develop the poor countries of the developing world? Or is globalisation just another form of outside exploitation, of which Africa has had more than its share? Is it, therefore, time for indigenous development, of countries and leaders alike?

From enterprise to enterprises

One thing seemed clear. Ghana does not lack enterprise. Go into its streets, and you are struck by the pervasiveness of markets and personal initiative,



more than enough to put America to shame. At a red light in New York, you might be approached by a squeegee kid or two; in Accra, your car is surrounded by a virtual supermarket of people trying to sell you everything imaginable.

What Ghana lacks is enterprises. With the success of the Grameen Bank in Bangladesh, so called micro-financing – lending small sums to self-employed craftspeople and the like – has become the prominent example of indigenous development. But development at that level may not be the problem, any more than imposed development at the corporate level. The need seems to exist at some level between the two: indigenous enterprises incorporated beyond the efforts of a few individuals – what has been called the “missing middle.” I happened to have stopped in northern Italy on my way to Ghana, and Carlo Alberto Carnevale of the Bocconi School of Management took me to Bergamo. It is the richest city in one of the wealthiest parts of Europe, he said, and most of the wealth was built by small, indigenous enterprises, often with just a dozen or so people. “We Italians don’t like organisation,” he said, and agreed when I replied that “You like community.” Stock option incentives probably figure less prominently here than elsewhere in the developed west, he explained. What really

drives the people is the opportunity to go out on their own, to be entrepreneurs. And the existing enterprises often help their people do that, by turning employees into partners. (Nearby Benetton has become famous for generating many enterprises around it.) So here, deep inside the European Union, is evidence of another approach to economic development, quite aside from globalisation (although companies such as Benetton certainly benefit from it).

The dogma of development

Sometimes a conceptual framework can help us to see the obvious, especially when it is obscured by dogma. So at the workshop, these ideas were elaborated more formally, as the three models shown in the accompanying figure, to help get us beyond “developing countries” and “globalisation.”

Two models of national development have become popular in turn. The first, labelled *planned development* in the figure, is shown as “top down” because it is driven by the state, whether the central planning and control of communist governments or the extensive intervention of more moderate ones to create infrastructure. With the fall of the communist regimes, accompanied by the discrediting of state intervention, a second model, of international or *global development*

– so called globalisation – replaced it, as *the* answer to all economic needs. From a belief that the state must drive development came the attitude that the state must stay out of it, other than to ensure contract law and accounting procedures, etc. The rest would be taken care of by corporations, foreign as well as domestic, on that so-called “level playing field.” Note that globalisation means not only the taking down of trade barriers, but the full opening up of economies to foreign direct investment and outside enterprises and experts of all kinds. This has certainly sounded good to the multinationals and their home country governments, not to mention the free-market economists.

But many other people, without such convenient self-interest or ideological conviction, have been less sure. And they have hardly been encouraged by the aggressiveness with which the wealthy countries have forced this ideology on the poorer ones. The wealthy countries are in effect selling their own manufactured goods while closing their own markets to many of the products developing countries can sell – in agriculture and textiles, for example. It is really quite startling how anyone could have tolerated this hypocrisy at all, let alone most of the world for so many years. The issue is not whether honest economists decry such behaviour – of course they have. It is how these economists could have pursued the free trade agenda so doggedly in the presence of such distortions.

Of course, there is one obvious explanation as to why people on the receiving end have tolerated this: conceptually they have had nowhere else to turn. After the fall of communism, globalism became the only model in town, so to speak. It became *the* answer to all the world’s problems, development included. With what theory was any developing country going to stand up to the likes of the IMF or the WTO, let alone *The Economist*, issue after issue? How else to develop a modern economy?

The failure of forced development

This form of development is labelled “outside in” on the diagram, not only because the foreign corporations descend on the host economy with their money and their experts, but also because even the domestic firms are supposed to subscribe to this imported set of beliefs. There is nothing in globalisation that responds to host country conditions, except cosmetic modifica-

tions to products and ideology. Indeed, the ideology treats local communities, often even democratically-elected national governments, as threats to globalisation, and therefore as forces to be marginalised.

For more reasons than this, however, the globalisation ideology is seriously flawed. It has flatly not worked in many of the places in greatest need of development. Perhaps this can be explained by the comments

AFTER THE FALL OF COMMUNISM, GLOBALISM BECAME THE ONLY MODEL IN TOWN, SO TO SPEAK. IT BECAME *THE* ANSWER TO ALL THE WORLD’S PROBLEMS, DEVELOPMENT INCLUDED.

above: globalisation does not build on a country’s unique strengths, respect its social traditions, or allow the autonomy necessary to grow indigenous leaders and enterprises. All too often, it is forced development, imposed against the natural inclinations and will of the people. Is that any way to foster a developmental mindset, let alone a democratic society? Pride, dignity, and corresponding confidence do not figure prominently in mainline economic theory; these cannot be measured. But they figure prominently in just about every story of success, whether of countries or of leaders. How people feel about themselves, personally and collectively, influences the energy with which they develop themselves. Think about Great Britain during its empire, Japan of the 1970s and 1980s, the United States throughout its history. Of course, the first and last of these examples suggest how the pride of one country can undermine the pride of others.

The trouble with the outside-in model is that it is based on imitation, and imitations are often second rate, because copying is a mindless activity. People don’t *learn*. This is not to argue that learning cannot be stimulated by the experience of others. Quite the contrary, some of the best learning is informed by that experience.

Japan was famous for copying after World War Two, but its economy “took off” when it grew beyond that, from the mindlessness of imitating to the thoughtfulness of adapting, by tailoring the innovations of other countries to its own culture. We learn from others when we do it for ourselves.

One last point about globalisation. Is it even working for those countries so intent on promoting it? Put differently, are developed economies being further developed by their large multinational enterprises functioning according to this model? This is a complex question that I can hardly answer here. But a good deal of recent evidence certainly gives cause for concern. We know about the key role of small and medium enterprises in job creation, especially when they work in cooperative local networks, as in Northern Italy. We also know about the driving force of new technologies, which come largely from the developing enterprises of the so-called “new economy” more than from the developed ones of the old. Indeed, it is from the developed ones that we have been getting the litany of recent scandals, whether as outright corruption or simple strategic failure.

A good deal of the blame for both can be placed on a key component of globalisation, namely its obsession with “shareholder value,” which is just a fancy label for pushing up the price of the stock. Shareholder “value” hardly promotes broader human values, which are so necessary in all forms of development. Consider, in America, the casual dismissal of people at the drop of share price, the shame of executive compensation that has destroyed the leadership of so many corporations, the corruption of politics through corporate donations. If America has succumbed to this ideology-turned-dogma, how is a Ghana supposed to cope?

The triumph of balance

We are certainly dependent on economic forces, just as we are dependent on social and political ones. But we have allowed the economic forces to dominate the others because of our mistaken belief that capitalism triumphed over communism – in other words, that the markets of economics proved their superiority over the controls of governments. The fact is that capitalism never triumphed at all. Balance triumphed. Under the communism of Eastern Europe, the political power of the state dominated. The wealthy countries of the west, in contrast, combined strong markets with influential governments and vibrant social sectors.. But in the mistaken belief about market supremacy, the western countries are now going out of balance in favour of markets, the private sector, and economic forces in general. The result is a mindless corruptive



greed increasingly reminiscent of communism itself.

So the key to healthy development, whether in a rich country or a poor one, is a certain balance of the economic, the social, and the political. And that requires the recognition of a third model, labelled indigenous development. It is shown in the figure as “inside-up” because here domestic enterprises grow out of personal enterprise. This model is not meant to replace the other two—we have no need for another dogma—but to take a prominent place alongside them. For it is in the combined applications of the three models that the real success stories can be found.

Consider the greatest economic success story of them all. The United States did not depend on an imposed ideology or outside experts for its development. Quite the contrary, it developed significantly through the indigenous efforts of its own people, in their own way. But not alone. The state was there too, and it intervened significantly: in land grants to farmers, railroads, and mining companies; with industrial policies and direct government funding for fledgling industries; through military spending that stimulated the economy; and, of course, by the use of tariff barriers.

There was also some direct foreign investment, for example by the British in the American railroads. Likewise, indigenous development played a key role in Japan and Germany after World War Two, in South Korea more recently, and Great Britain long before. And this was likewise reinforced by the strong intervention of the state, most notably in Japan, which also allowed a certain amount of outside-in – but on its own terms.

Let me express this critical point in the form of the following question: *Has any country ever developed primarily through the outside-in model based on the wholesale importation of beliefs, expertise, and capital?* Clear examples are difficult to find. So why are the developed countries forcing on others a model that never worked for themselves?¹

The sham of globalisation in the name of development

The answer to how else to develop a modern economy thus seems to be: as always, namely in the very way modern economies themselves became modern – through a great deal of indigenous development, supported by the concerted intervention of the state, reinforced by the appropriate use of outside help.

Alice Amsden, professor of political economy at MIT, asked “what enabled those companies in developing countries that have been dramatically successful to grow and flourish?” Her answer: “... in their countries, business and government worked closely together to strengthen domestic industry. Foreign enterprises were discouraged, by deliberate red tape, from entering certain industries, so that national companies could get a head start. State-owned banks lent money at subsidised rates to help local firms acquire the technologies and capital equipment they needed.” Yet now, nations must “disallow government intervention in the economy beyond establishing minimal norms,” and, according to new WTO proposals, must “void [the right] to regulate multinationals and promote domestic businesses.” In other words, they must forfeit the “freedom [that] has been critical to most economic modernisations that have had any lasting success.” A nice little game this is: deny others the very basis for your own success. Level the playing field so that the New York Giants can take on some high school team from Accra, on their turf with *our* game. And in so doing, promote the further success of your own economy, even if that has to be on the backs of some of the world’s poorest people.

To dump this globalisation dogma on these countries, therefore, is just plain unconscionable. Shame on all of us for allowing our economists and corporations to perpetrate this self-serving sham in the name of development. For years, we used communism as our excuse for economic colonialism. Now it is “free trade.”

This is not to dismiss the outside-in model any more than the other two. Foreign corporations can bring in fresh ideas, modern techniques, and new processes; they can provide certain financing; and they can allow

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for the scale necessary in some contemporary forms of manufacturing. But this has to be done on the host country’s own terms, for only it can ever look after its own interests. In other words, the outside-in model has to be discredited only as the answer to development, not as a component of it. Of course, the same must be true for the other two models, namely top-down state intervention and inside-up indigenous development, which is the especially weak link in so many poor countries today.

From micro to middle enterprises

Accordingly, the issue on which we focused our workshop in Accra was breaking through what is shown in the figure as “the enterprise barrier,” going from micro to middle enterprises. As Dr. Bediako had put it, “We suffer from a lack of institution building.” We began by searching for examples of indigenous development, namely companies that had broken through this barrier in a decisive way, and could therefore serve as role models. Initially, there was silence in the room; no one could think of any! Then an interesting thing happened. As one example came up, more followed, and soon there was an outpouring of stories. The problem, apparently, is not the absence of indigenous development so much as its obscurity: we get blinded by the multinational stars. (Right before our eyes, in fact. The most evident example never even came up. I was struck by the beauty of the hotel we were in – this was no ordinary fancy global hotel. I learned later that it was built by two Ghanaians who had worked as taxi drivers in the United States before coming home and

¹ Author’s note: After the first publication of this article, Ireland used to be cited to me as a counterexample. I replied at the time that the country was developed to begin with when it opened itself fully up. Given what’s happened recently, no one cites that example any more.

establishing some smaller hotels, eventually to put together the financing for this one.)

As the examples came out, we ordered them into various approaches to indigenous enterprise development, to suggest the richness of the possibilities. The most obvious is the *family* enterprise. This is usually thought of as small and marginal, indeed vulnerable at times of succession. Yet much of the development of Taiwan, Hong Kong, and Singapore has involved family enterprises grown to enormous scale. And so too has it been with some of the most prominent corporations of India, and earlier America, for that matter, including DuPont and (still) Johnson's Wax.

A second approach we called *spin-off*, because one enterprise spins off entrepreneurs who create others, as in the story of northern Italy. Other examples raised at the workshop included the Korean immigrants in

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America and the Ibo of Nigeria, who help each other start enterprises, also certain multinationals in Ghana that have encouraged this. Spin-off development creates a kind of crystalline growth of the economy.

Another is the *cooperative* approach, where people band together in some sort of community to pool their economic efforts. The label cooperative has a negative connotation in many developing countries, where it became an excuse for state intervention. But here we had in mind true cooperatives, controlled by members each of whom has an equal share that cannot be sold to others.

Similar is what we called the *network* approach, because the cooperation extends beyond formal ownership. People connect to do their business, much as they do around the world in that network called the World Wide Web. Ghana, for example, has its "market queens," who draw sellers of particular commodities

into informal affiliations, which sometimes raise money for their common goals.

We also discussed the fostering of indigenous development through the building of capabilities. There is certainly a key role for government here, by helping to make financing available, establishing a legal framework conducive to the creation of domestic enterprises, disseminating key information, and encouraging all kinds of networks to carry this on. Examples were also provided of how social sector organisations – NGOs and various trade associations, etc. – can help, especially in encouraging networking and the dissemination of information. Hope was expressed that more foreign corporations could be encouraged to act in similar ways, by promoting indigenous enterprises that could serve them as solid partners. There are good examples of this – and need to be many more.

We also need to see more examples of cooperation among different sectors of countries. The support of "community" is especially important in economic development.

For example, my colleague at McGill, Paola Perez-Aleman, has shown how the footwear industry and agro-industry in Chile have achieved considerable success through "the relations between firms; the reorientation of trade associations; and the state's role as facilitator of collective learning processes." Key to this, in her view, are non-profit associations in the social sector that draw the players together. In fact, another colleague, Margaret Graham, has shown something similar in the relationship between American government and industry in the successful introduction of aluminium to aircraft in the 1920s.

Earlier I referred to the "missing middle," about which there has been some discussion. For example, economist Paul Vandenberg of the International Labour Office has noted that "Manufacturing in much of Africa is structured around a number of large integrated firms, using foreign technology, at one end, and many smaller indigenous firms, at the other. In between there is a relative vacuum or missing middle which has been identified but not adequately explained." He wrote this in 1997; it apparently remains inadequately explained today although there is no shortage of proposed reasons, ranging from an underdeveloped middle class and the domination of the multinationals

to domestic government corruption. But one thing is clear: we shall find no answers by looking in the wrong place.

Forced development is the wrong place. Imagine if some of the enormous amount of energy and intellect now devoted to the promotion of globalisation went into finding ways to develop these missing middles.

Fostering leadership

Where does this leave us with developing leaders? About where it has left us with developing countries.

Outside programs no more develop leaders than outside institutions develop countries. Indeed, the more we try to develop leaders, the more we seem to get hubris.

Perhaps that is because singling people out to be developed as leaders encourages that heroic view of leadership, out of context instead of rooted in it. We have had quite enough of self-indulgence in the name of leadership lately.

Jay Conger published an interesting book entitled *Learning to Lead* about short leadership development courses. He took four of them himself, in each of the main approaches, which he labelled personal growth, conceptual understanding, feedback, and skill building. He found that all had significant flaws, but concluded that together they may be effective. Perhaps he should have concluded that the very notion of developing leaders is flawed.

If leaders cannot be developed, then what can be done? Three things, I believe.

First, *leadership can be fostered*, much like economic development. In other words, we can foster the conditions that give rise to indigenous leadership, particularly those of thoughtful self-reliance. A key reason why globalisation is dysfunctional for developing countries is that it fosters a kind of dependency antithetical to the emergence of indigenous leadership. Fostering leadership depends significantly on context: it is the person in the situation gives rise to leadership. As Richard Holbrooke, former U.S. Ambassador to the United Nations, put it, “Kofi Annan is the right man at the right time from the right place.” Of course, right places can be encouraged. Morgan McCall of the University of Southern California, who has written extensively on how leaders learn in their jobs, stresses

that people should be offered challenges in a variety of difficult jobs, which leaves them “little chance but to learn and develop new abilities.”

Second, *people can be developed*. Not as leaders, but as human beings, in their beliefs and behaviours, their thoughtfulness and self-respect. But that probably happens mostly in the early years, at home and in school. We do, after all, raise children, not just have them. And this requires a culture that prizes basic human values and educates children to think for themselves, to do what seems fundamentally right rather than to accept some pat dogma. Dr. Bediako would no doubt say that Kofi Annan is the product of a society that takes its Christian beliefs seriously.

Third, *we can develop managerial practice*, not separate from leadership but intrinsic to it. That separation just encourages the heroic view of leadership, up on a pedestal, disconnected from the daily functioning of the organisation. True leaders are in touch, on the ground: they have to manage, just as managers have to lead. We can encourage management development in a classroom that brings managers together with their colleagues to reflect thoughtfully on their own experience. They can, in other words, just show it to each other! (For our own efforts in this regard, see www.impm.org.)

Developing the developed

The people I met in Ghana, from all walks of life, were mostly warm, considerate, and thoughtful. There was a relaxed sense of equality in the places I visited. At the workshop, everyone spoke up with no sense of a pecking order; a person I invited to meet me there, who had written to me as a student years earlier, walked in and took a spare seat next to the minister. No one seemed to notice. Ghana certainly needs to develop economically; perhaps the “wealthy” West could stand to develop socially.

At the workshop we discussed economic and social development. Which is the driver? Economic forces certainly drive social ones: material wealth helps to sustain democracy, improve healthcare, and provide education. But the social forces drive the economic ones too: a deeply rooted sense of democracy seems necessary for sustained economic development. The two must work in tandem, like two feet walking, just

as indigenous development must work with engaging management.

Social development has certainly benefited from economic development in the developed west – the *economically* developed west. But are we sustaining that relationship? Do shareholder value and heroic leadership, etc. now promote, or do they undermine, social development? Globalisation focuses on the economic and assumes that the social will follow obediently behind. There is growing evidence, however, that the opposite is now occurring: globalisation is weakening our social structures and undermining our democratic institutions. It is throwing our societies out of balance. Will it, therefore, eventually weaken our economies too?

“Unhappy is the land that has no heroes,” comments a character in Bertolt Brecht’s play *Life of Galileo*. “No,” replies another. “Unhappy is the land that needs heroes.” If we can get past our need for heroic leadership, and past the narrow metrics of our economists, then perhaps we will be able to take a good look at ourselves, instead of having to run around developing others countries and leaders. Then, perhaps, we can start back on the tricky road to developing balance. ■

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How Women Mean Business

Aviva Wittenberg-Cox

AVIVAH WITTENBERG-COX, CEO of 20-first, works with progressive companies to promote more gender-balanced management teams and to review processes and policies to better respond to women. She is the co-author of the *Why Women Mean Business: Understanding the Emergence of Our Next Economic Revolution*; the following article was adapted from the introduction of *How Women Mean Business*, courtesy of John Wiley and Sons, Ltd. (2010)

FOR DECADES, COMPETENT AND AMBITIOUS WOMEN HAVE BEEN POURING INTO THE WORKFORCE, acquiring skills and qualifications, and becoming the majority of today's talent. In parallel, women's buying power is now about \$20 trillion of global consumer spending annually.

Still, few companies truly understand those who have become their talent and their customers. Vodafone Chairman Sir John Bond has a simple assessment of this situation: "It's bad for business." Businesses which don't "get" women are unlikely to see lasting success in the 21st century.

Why Gender Balance

Time and again, studies show significant improvements in decision-making quality within more gender-balanced leadership teams. Women clearly bring new perspectives and skills to the table.

While old-fashioned (male) bosses can see women as problematic, sharper leaders are keen to shape business culture and working practices so that talent thrives. This benefits not just women – many men now embrace work that enables them to give their best to employers, families and other commitments.

Beyond better decision-making and talent retention, companies need to evaluate how they do their marketing. Often the implicit view has been that men





buy everything. Not to reach women consumers and end-users effectively risks large-scale loss of business.

Finally, investors know that gender balance improves the bottom line. Companies that fail to advance women risk the ire of the market, concerned about a satisfactory return on their principal investment, their talent.

Many companies don't realise how badly they are doing. Having been a consultant around gender balance for almost two decades, I've found most men are well-meaning and progressive, but fall short of appreciating gender balance as a business priority that requires attention, focus, and vigilance.

From Why to How

Knowing it needs to be done, however, is very different from *doing it*. Doing it requires that certain key steps be taken and certain cul-de-sacs avoided.

It's critical that senior leaders are convinced that gender balance is a business priority because they will have to counter scepticism and lethargy. But if leaders follow some basic guidelines, use effective indicators, and sustain their commitment, they can create much more effective businesses.

From Glass Ceilings to Gender Asbestos

According to the "glass ceiling" metaphor, women are joining and advancing in companies in record numbers and then are suddenly blocked from the upper reaches of responsibility. This interpretation has led to decades of research about what women are doing or not doing and what they should change, strengthen, or repackage in order to break through. The underlying

question is "what is wrong with women that they are not making it to the top?" The results are initiatives to fix the women, or to "help" them.

In fact, there is no glass ceiling. The problem is more endemic, and the truth, more sobering. I call it *gender asbestos*. In every company, the number of women relative to men drops at almost every management layer. This is true in every sector, in every country. The question is not what is wrong with women – it is what is wrong with companies?

The work now is to understand the nature of asbestos and to rid the company of its toxicity, wall by wall. Because gender asbestos affects everyone and everything – performance, consumer understanding, shareholder relations, talent management, product development, etc. – it is a universal issue.

IN FACT, THERE IS NO GLASS CEILING ... IN EVERY COMPANY, THE NUMBER OF WOMEN RELATIVE TO MEN DROPS AT ALMOST EVERY MANAGEMENT LAYER. THIS IS TRUE IN EVERY SECTOR, IN EVERY COUNTRY.

Companies can manage the journey from imbalance to balance in four simple stages: Audit, Awareness, Align, and Sustain.

AUDIT

Instead of launching action plans, companies should step back and analyse the starting point, through a thorough gender Audit, which has three pillars:

- **What's the Balance?** Conduct a complete analysis of a company's current situation, qualitatively and quantitatively, concerning every aspect of the gender issue, including the legacy of past efforts.
- **What Do Others Do?** Consider the pros and cons of benchmarking what other companies have done and how to build on best practice.
- **What Do We Say?** Look at questions of image and reputation, including what has been communicated on the issue.

By the end of the Audit Phase, a company can effectively frame the gender issue in business terms and bring data to the leadership team for debate and action planning.

AWARENESS

The leadership team must first build its own awareness of the gender balance issue. Leaders can review the facts and data, analyse them in light of its strategic direction, and define how urgent and relevant the issue is for business. Ultimately there needs to be an aligned team, capable of defining a sustainable action plan. From there, the process moves downward in the organisation. There are four components to the Awareness Phase:

- **Why Should Business Care?** Line up the Audit against a company's business strategy. In comparing the two, senior executives can analyse whether gender is a lever for their business and if so, how.
- **Leading Gender Bilingual** There needs to be a similar level of awareness in the rest of the company's leadership. How do you implement a gender initiative in a variety of markets, business units and cultures around the globe?
- **Working Gender Bilingual:** It is then necessary to cascade gender bilingualism, and the associated skills, across all managers.
- **The Action Plan:** By the end of this phase, management will have become fluent in the opportunities of gender bilingualism. They can craft an action plan that will be relevant, fact-based, and designed by the leaders who are responsible for its success.

The Awareness phase creates leadership teams who are convinced and convincing about the gender-balance business case.

ALIGN

The Alignment Phase anchors these shifts into the management mindset – and awareness about gender into the processes and systems of the company. Here there are three focus areas:

- **Training:** Targeted gender training can help different functions maximise gender-balance benefits and facilitate understanding of how each contributes to balance overall.
- **Talent:** HR should establish a policy framework and then review recruitment, retention, and team formation.

- **Market:** Marketing should address customer analyses and segmentation, product issues, and communications.

The Alignment Phase ends with systems and policies that effectively support gender-balance objectives.

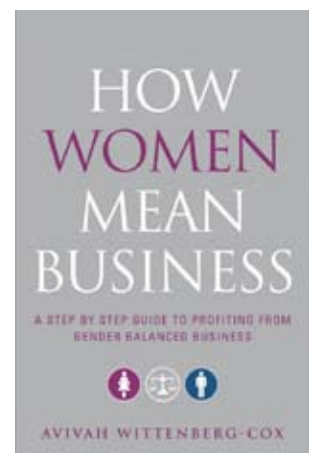
WHATEVER GOALS AND TIMINGS YOU HAVE SET, ENSURE THAT YOU MAINTAIN THE MOMENTUM BUILT UP IN THE PREVIOUS PHASES. IT REQUIRES CONTINUAL ATTENTION TO COMMUNICATION, MEASUREMENT AND REWARDS.

SUSTAIN

The time required for a gender-balance shift depends on the strategic urgency and relevance of the change. Indra Nooyi, Chairman and CEO of PepsiCo, estimates her organisation would take one to two decades. Gerald Lema at Baxter, Asia, achieved gender balance in four years; Bob Elton at BC Hydro in Canada in six. Whatever goals and timings you have set, ensure that you maintain the momentum built up in the previous phases. It requires continual attention to communication, measurement and rewards.

Leaders will surely develop their own methods of implementation, based on starting points, goals, and timing. Some will focus on retention. Others will change their marketing approach. Some will embrace a mixed approach.

Done right, gender-balance initiatives can help businesses avoid costly mistakes and enable them to build strong foundations for vibrant, creative organisations that fully capture the promise of the 21st century. ♦





Corporation as CEO: Sustaining a people-first culture

Judy Johnson and Ella McQuinn

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For most leaders the following situation is all-too-familiar: a senior and valued employee comes into your office to announce that he is leaving, having found a better-paying position elsewhere.

For many leaders, this is just an unlucky day or even an expected part of doing business. For Precision Biologic CEO Michael Scott, though, this is the time to ask some tough questions: “Why didn’t I see this coming?” “Why wasn’t I closer to this person to

understand that something was up?” and “What does this say about the culture I am creating if an employee does not feel comfortable raising a salary concern with me?”

The employee was not leaving because he disliked his job. Quite the contrary. He loved the company and wanted to stay, but he needed more money to support his family and felt the other job would give him a fairer wage for his skills. This particular employee started with the company at a more junior level than his background would have suggested. His rise within the company was very quick, but his salary had not kept pace. The company had failed to notice; it was a serious oversight.

Naturally Michael, like any good leader, tried to turn the situation around. The employee was offered a more suitable salary, based on current research, and competitive with the other company’s offer. But it was too late; he had already made a commitment to his new employer and was set on leaving.



Which brought Michael to another tough question: “Because of our oversight, we underpaid this employee for some time. What is the right thing to do now?” His conclusion was unusual. Realizing that the discrepancy between the fair salary and the actual salary was the company’s mistake, Michael decided to compensate the departing employee retroactively. There was no legal obligation to do so. And it was already clear that money would not buy the person’s loyalty back. It was simply the right thing to do.

Brisk growth through engagement

Founded in 1983, Precision Biologic Inc. (PBI) specializes in developing, manufacturing and marketing diagnostic products used to assess blood coagulation disorders. Over the past fifteen years, growth has been dramatic: gross sales have increased at an average annual rate of 20%, and the number of employees has more than doubled from 24 in 2003 to 54 in 2010.

“WE TREAT OUR EMPLOYEES IN A SIMILAR WAY AS WE TREAT OUR CUSTOMERS,” EXPLAINS MICHAEL, “THIS PHILOSOPHY ENABLES EMPLOYEES, IN TURN, TO TREAT OUR CUSTOMERS IN A RESPECTFUL AND CREATIVE WAY, WHICH GIVES US PRODUCT AND SERVICE-INNOVATION ADVANTAGES.”

The PBI office and manufacturing site is stylish and serene. After passing the Japanese garden, you enter into a museum-like display of the vials of the company’s anti-coagulation products followed by traditional business metrics of sales forecasts and customer ratings. The company café (i.e., the staff lunch room and meeting space) is the facility’s *pièce de résistance*, a sunny, French-style café with round tables and a stand-up coffee bar, a unique addition in a hard-core scientific research setting.

Michael has been PBI’s CEO since 1997 although prior to that time he had been an active board member and shareholder of the company. His decision to step in as CEO came with some ambivalence, as he was more comfortable in the role of investor and advisor than operational leader.

As CEO, Michael clearly understands the difference between character and strategy. He spends a great



deal of time focused on developing, supporting and engaging the character of each employee. From the perspective of a marketing consultant who works with PBI, his commitment to character makes the company appear “strategy light.” Michael explains: “there is a baseline strategy, and the implementation and exploration of this is done through conversations and engaging people’s understanding of the possible ways to express that strategy. For example, we articulate our company strategy as ‘customer intimacy’ as opposed to, for example, ‘operational efficiency’, ‘product innovation’ or the like. This means that we put a lot of emphasis on building relationships – with customers, collaborators, partners – but we leave the creativity of how to do this to people’s unique approach and character.”

The facets of company culture

Many companies *say* their people are their most important asset, but at PBI, they mean it. “If there is some way to adjust ourselves and the company to fit this person,” says Michael, “then we will make the change.” This may mean creating a new position, some hybrid that fits the person’s needs and idiosyncrasies but which also serves the company. This requires a huge amount of creativity, communication and negotiation.

Another telling example of the company’s commitment to people is the annual GROW Awards celebration. Initially created at a team-building retreat, the GROW (Giving Recognition for Outstanding Willingness) Awards are given to each and every employee – recognising their unique willingness and contribution. Each year, a “nominating committee” self-organizes to craft each employee’s unique recog-

dition. The spirit is humorous and warm-hearted, and the newly-fashioned acronyms fly thick and fast. In contrast to awards based on corporate metrics, the GROW Awards honour the dedication and willingness of everyone to learn and grow. They are presented one evening a year with a catered meal.

It was perhaps no surprise when, in 2008, PBI was recognized as one of the *50 Best Workplaces in Canada*. Unlike many of the other winners who garnered their awards on the strength of employee perks, PBI was

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appreciated for its credibility, respect, fairness, pride and camaraderie.

Production Technologist Erin Falkenham says that “The pay and perks at PBI are fantastic, but that’s not what makes me love what I’m doing. For me, it’s about being a member of a team that respects and values my input, feeling a sense of pride in my work, and having the space and comfort to take risks and have fun in my job.”

Develop people through work

Many leaders hold the subtle or not-so-subtle view that it is the leader’s job is to get work done through people. Michael’s personal discovery and focus as CEO is the reverse: to develop people through work. His aspiration was to really focus on people, creating sound, healthy, supportive relationships within the company and with its customers. But could good busi-

ness results be attained by focusing on people? Would it be profitable? What would it actually look like to put people first?

One key aspect of that is to design positions to fit the strengths of individuals. Michael’s previous assistant joined Precision when he became CEO. Although she entered the new company as an assistant within finance and administration, her capacity to attend to details was usefully applied to the leading-edge design and construction of a new manufacturing and office facility – a huge step up in responsibility.

Michael refuses to see people in their roles, and he is committed to tap into their passions and capabilities. The results have been high levels of loyalty and an astounding willingness to innovate. “We treat our employees in a similar way as we treat our customers,” explains Michael, “this philosophy enables employees, in turn, to treat our customers in a respectful and creative way, which gives us product and service-innovation advantages.”

Rather than focus solely on the business processes of sales and customer service, the relationship with customer is a joint commitment to solve the customer’s practical problems. PBI regularly sends its technical team to visit clinical sites to further the ongoing conversations about what is needed. Its customers are some of the pre-eminent medical institutions of the world, and they often cite the high quality of relationship they enjoy in tandem with quality of product – remarkable in a product-focused industry.

Humility and honesty

The culture at PBI fosters a willingness to look directly at tough situations, and at the same time, problems are unlikely to devolve into blame. Instead, people consider the overall environment and conditions of the work being done, and they look to themselves – taking responsibility where they can.

Michael sets the tone for this. In an executive team session, he offered one of his own decisions, a questionable one, up for the team’s scrutiny. Through facilitated discussion, it became clear to everyone what part of the decision they agreed with and what part of his action they questioned. More importantly, it created an honest forum to examine the decision making of the top leader. Michael’s willingness to question with



honesty his own assumptions and approach allowed the rest of the leadership team to do the same for themselves.

The question of succession



Certainly, the company went through a period of worshipping their CEO – no one can be like Michael, and everyone’s loyalty to the company was enmeshed with their loyalty to him.

Now they are looking at the shadow side of that – what are the liabilities of being so CEO-centric? In order to further embed the culture, the senior leadership team has begun to discuss a key question: “What is it that only Michael does that needs to be cultivated across the leadership?”

More tough questions: Is it a formula? Is it replicable? What is the magic that Michael seems to bring? What qualities will be needed? There is an uncomfortable reliance upon Michael; the management team knows he will be difficult to replace.

For his part, Michael has done his best to articulate and hand over his “internal operating system” to the leadership team. He describes it in three parts: vision, care and common sense.

Vision. Vision involves paying attention to both the company’s external strategy – vis-à-vis customers and the world outside – as well as the culture itself. External vision involves understanding context, activating opportunities and sustaining momentum. Internal vision is based on articulating purpose beyond profit, maintaining conviction in values and carrying the torch for company culture.

Care. Care includes a consistent focus on develop-

ing people through work by listening and co-creating ways to align people with the company’s purpose. Care is also a commitment to trusteeship, an allegiance to the whole rather than any small part of the company.

Common sense. Gets things done through creative collaboration, business acuity and exquisite execution. This involves good judgment, reading the currents beneath situations, maintaining an uncompromising commitment to quality and bringing a courageous “edge” to situations that require it.

Succession planning becomes organizational learning

This effort to understand the unique contributions of their CEO and to reduce reliance on Michael has deepened the leadership team’s honesty about itself. Each team member knows by heart the eighteen elements underlying the three parts of the “operating system”. They can honestly assess what they are good at and what they are lacking without sensitivity or ego. Interestingly, in this honest assessment process, each of the current leadership team members have self-selected themselves out of the running for CEO, leaving a supportive and open space for newcomers. Moreover, when they review candidates, they will have a clear profile of the DNA required for the best successor to carry on this radical business experiment.

WHAT ARE THE LIABILITIES OF BEING SO CEO-CENTRIC? IN ORDER TO FURTHER EMBED THE CULTURE, THE SENIOR LEADERSHIP TEAM HAS BEGUN TO DISCUSS A KEY QUESTION: “WHAT IS IT THAT ONLY MICHAEL DOES THAT NEEDS TO BE CULTIVATED ACROSS THE LEADERSHIP?”

In short, what started as a succession-planning exercise to prepare for the long-term future has morphed into an organizational-learning exercise and a growth opportunity for everyone in the present. The organization has become – at least in part – the CEO.

For more information about Precision Biologic, visit www.precisionbiologic.com. ■■

The Girl Effect

Tamara Woodbury

TAMARA WOODBURY is the CEO of the Girl Scouts—Arizona Cactus-Pine Council, Inc., based in Phoenix, Arizona. She is known internationally for her work in leadership, particularly as it relates to girls and young women.

LAST SUMMER, THE NEW YORK TIMES CAPTURED both the various facets and importance of investing in girls. [The Women's Crusade](#) by Nicholas D. Kristof and Sheryl WuDunn is actually several stories within a story. Staggering statistics of genocide based on gender. Profiles of individual girls and women who overcame abuse, poverty, lack of education, and societal stigma – enormous odds – and then improved their own lives and the lives of those around them. Also there is a strong case made for the connection between subjugation of women and girls and the promotion of violence, extremism and terrorism.

GIRLS AND WOMEN ACCOMPLISH NEARLY 70% OF THE HUMAN WORK THAT SUSTAINS FAMILIES, COMMUNITIES AND ECONOMIES.

There are also some simple solutions, such as equipping girls to handle menstruation as a means of staying in school and showing governments with straightforward data and statistics that gender inequality significantly harms economic growth. Inequity is the “centrepiece of poverty.”

The Girl Effect is a movement that began several years ago to call attention to the magnified return on investment when girls are educated and supported to take their place as leaders in society. [This video](#) takes the viewer on a journey: a girl is educated, invests earnings in a cow to feed her family, expands to a herd of cows, and shares profits with her community. The



community members learn and follow her example. The effects, over time, are leveraged and exponential.

In a separate but related blog, Kristof announced the Half the Sky Competition, soliciting stories from

readers who have had an experience of the needs of girls and women in countries around the world. Also invited were solutions – simple actions that build on the capacities of women and girls in their communities. In the multitude of responses, there was one that said, “I live in a Third World country. You know it as Detroit.” The author, Frances Saad, goes on to discuss the plight of the impoverished in the United States of America and question why it is less in vogue to recognize and address poverty here, as opposed to countries that are readily accepted as “third world.” Her ques-

RESEARCH IS CLEAR THAT IN SOCIETIES WHERE WOMEN AND GIRLS ARE OPPRESSED AND UNDERUTILIZED, THE ECONOMY ALSO SUFFERS.

tion is timely. This is why some of us have gathered to bring voice, attention and organization to a movement called *The Girl Effect USA*.

While the storyline of the original *Girl Effect* video, set in a third world country, is perfectly clear, it is much more difficult to see *The Girl Effect* in a wealthy nation like the United States. Few American girls will begin their gainful employment raising cows. Yet, millions of American girls are oppressed in a myriad of ways, from situations of abuse and trafficking to being socialized to underestimate their value. Many set their sights low and see their value in terms of beauty, rather than



who they are and what they can accomplish. The Girl Effect USA proposes that the erosion of civil society in the US must be addressed and that girls are a critical part of the solution.



Religion has played a huge role in defining the culture that oppresses women. The women’s movement brought a liberating force into some long-held patriarchal practices, but sadly that same movement also reinforced a polarity between the genders and did not reveal the deep cultural biases against the expression of feminine qualities by either gender.

UNLEASHING THE POTENTIAL OF GIRLS IS THE PATHWAY TO SHIFTING THE PATTERNS OF INEQUALITY AND INCIVILITY IN VIRTUALLY EVERY COMMUNITY AROUND THE GLOBE – AND NOT JUST THOSE IN DEVELOPING COUNTRIES.

Last year, former President Jimmy Carter brought this issue to the forefront. As a member of The Elders, an independent group of eminent global leaders, Carter successfully lobbied his colleagues to make an unequivocal statement: “The justification of discrimination against women and girls on the grounds of religion or tradition, as if it were prescribed by a Higher Authority, is unacceptable.”

Carter himself continues to take a strong stand against religious beliefs that contribute to the subjugation of women and girls: “The impact of these religious beliefs touches every aspect of our lives. They help explain why in many countries boys are educated before girls; why girls are told when and whom they must marry; and why many face enormous and unacceptable risks in pregnancy and childbirth because their basic health needs are not met.”

Of course, Carter’s challenge will be particularly painful for men and women of many faiths. We can only hope that every religion’s underlying love of humankind is sufficiently robust to engage the emerging dialogue that invites us to look anew at how religious beliefs have negatively impacted human behaviours and culture. As we do, we will also see clearly the contributions and value of women, girls and so-called feminine qualities. With a rise in recognition for the value women, girls and these qualities bring to communities, it is natural that the centuries-old inequities will fall away.

Faith communities have long been leaders in addressing the turbulence that falls on families when economies and governments fail. This is true across the globe and to a growing extent here in the United States. Forty-eight of the fifty states have had to address huge budgetary shortfalls in 2010, and most of these shortfalls have been met by cutting vital services to the most vulnerable. Of the 37.5 million Americans living in poverty and the 36.2 million others who are “food insecure,” women and children predominate, in terms of percentage, degree of poverty, and vulnerability to budget cuts. Despite some recent signs of general economic recovery, the trajectories for the poor, the homeless, and the food insecure are forecast to continue downward.

It has been suggested that our troubles began with the financial collapse of 2008. Unfortunately, this is not true, as millions of women and girls in the US and billions around the world can attest. On the upside, the potential and power of women and girls remains strong, and we can ill-afford to squander that potential of full contribution – for the sake of our families, communities and economies. ◆◆◆

