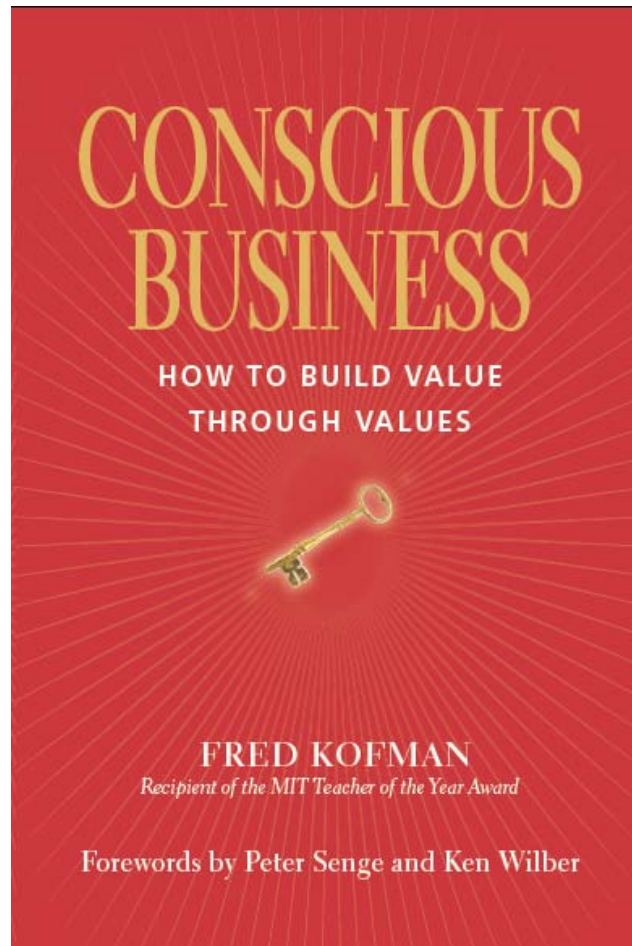


# Conscious Business

## How to Build Value through Values

by Fred Kofman



## Chapter 1: Conscious Business

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*Cogito ergo sum. (I am conscious, therefore I am.)*

*René Descartes*

*Greatness is not a function of circumstance. Greatness ... is a matter of conscious choice.*

*Jim Collins<sup>1</sup>*

“I love molecules,” explains Marcus. “You apply a certain amount of heat and a certain amount of pressure, and you know exactly what’s going to happen. At the start of my career I did great working with molecules, but now I work with people. People are unpredictable. You apply a certain amount of heat and a certain amount of pressure, and you never know what’s going to happen.”

Marcus, a research manager at an oil company, has two doctorates. He is an intellectual wonder and a management disaster. Technical excellence propelled him into management, exposing his social incompetence. Marcus deals with people in the same way he dealt with molecules. It doesn’t work. In contrast to molecules, people have minds of their own.

As they climb the corporate ladder, managers like Marcus stumble and fall. They fail to make the transition from the operational requirements of the lower rungs to the leadership requirements of the higher ones. Ironically, some of the traits that drove their success as individual contributors derail their success as leaders.<sup>2</sup> Success in business requires dealing with human beings, which is to say *conscious* beings. This book presents the basic principles and skills to deal with people while honoring their conscious nature. Although this is helpful for anybody who works, it is fundamental for those who manage and lead others. Great leadership is conscious leadership.

In his book *Good to Great*, Jim Collins studied what drives average companies to take a quantum leap and become extraordinary. He concluded that a crucial component of greatness was a group of leaders with a paradoxical blend of personal humility and professional will. These leaders, whom Collins calls “level 5,” channel their ego ambition away from themselves into the larger goal of building a great company. “All of the companies in the study that went from good to great,” wrote Collins, “had level 5 leaders in key positions, including the CEO, at the pivotal time of transition.” However, Collins couldn’t answer a central question: how to develop level 5 leadership. “I would love to be able to give you a list of steps for becoming one of these level 5 leaders, but we have no solid research data that would support a credible list. The inner development of a person remains a black box.”<sup>3</sup> This book is my effort to unlock the black box of great leadership. My key is the set of attitudes and skills that I call “Conscious Business.”

*Living consciously is a state of being mentally active rather than passive. It is the ability to look at the world through fresh eyes. It is intelligence taking joy in its own function. Living consciously is seeking to be aware of everything that bears on our interests, actions, values, purposes and goals. It is the willingness to confront facts, pleasant or unpleasant. It is the desire to discover our mistakes and correct them... It is the quest to keep expanding our awareness and understanding, both of the world external to self and of the world within.*

*Nathaniel Branden<sup>4</sup>*

## **Consciousness**

Consciousness is the ability to experience reality, to be aware of our inner and outer worlds. It allows us to adapt to our environment and act to promote our lives. All living beings possess consciousness, but human beings have a unique kind. Unlike plants and other animals, we can think and act beyond instinctual drives and

conditioning. We can be autonomous (from the Greek, “self-governing”). While this autonomy is a possibility, it is not a given. We must develop it through conscious choices.

To be conscious means to be awake, mindful. To live consciously means to be open to perceiving the world around and within us, to understand our circumstances, and to decide how to respond to them in ways that honor our needs, values, and goals. To be unconscious is to be asleep, mindless. To live unconsciously means to be driven by instincts and habitual patterns.

Have you ever been going down the highway on cruise control, engaged in a conversation or daydreaming, only to realize that you missed your exit? You didn’t literally lose consciousness, but you dimmed your awareness. Relevant details, such as your location and the actions needed to reach your goal, receded from the forefront of your mind. Your eyes were open, but you didn’t see. This is a poor way to drive—and an even poorer way to live.

When we are more conscious, we can better perceive our surroundings, understand our situation, remember what’s important to us, and envision more possibilities for action to attain it. Consciousness enables us to face our circumstances and pursue our goals in alignment with our values. When we lose consciousness, we are swept away by instincts and habits that may not serve us. We pursue goals that are not conducive to our health and happiness, we act in ways that we regret later, and we produce results that hurt us and those we care about.

A unique characteristic of human consciousness is self-awareness. We not only perceive the external world, we can also bear witness to our internal world. We can pose questions like, “Why am I thinking what I am thinking?” “Do I have sound reasons for my conclusions?” “Am I letting my desires cloud my judgment?” Self-awareness allows us to consider the deepest aspects of our existence. We can ask ourselves, “Who am I?” “What is my mission in life?” “What values should guide me?” “How should I live?” “Is my behavior aligned with my values and purpose?” “Am I happy?”

Not only do we experience self-awareness, we also recognize “other-awareness.” I’m talking about something more subtle than perceiving other people from an external perspective. We know that beyond people’s observable behavior, they are conscious, choosing their actions based on their reasoning. We can ask, “What leads you to think what you are thinking?” “Do you have evidence for your conclusions?” “Why is this issue important to you?” “What do you really want?” Other-awareness enables us to inquire into others’ deeper motivations, posing such questions as, “What is most meaningful in your life?” “What are your hopes and dreams?” “What values guide your behavior?” “What makes you happy?”

Another unique characteristic of human consciousness is its capacity for abstraction. We can transcend our concrete experiences through our intellectual ability to understand, judge, and reason. Intellect allows us to organize information in order to understand and manage complex situations. We may not be able to look at every tree, but we can consider the whole forest. As our cognitive capacity develops, we operate at higher and higher levels of abstraction, from immediate experience to symbols to concepts. At the highest level, we wonder, “What is true?” “What is beautiful?” “What is good?” Abstract reason enables us to transcend our immediate circumstances and consider human existence: “What is human nature?” “Are there moral imperatives derived from such nature?” “What is a good life?” “What brings authentic happiness?” A conscious life is concerned with such questions.

And so is a conscious business. Business is an essential part of our lives, so doing business consciously is an essential aspect of living consciously. In order to do business consciously, we need to ponder the most fundamental questions pertaining to reality and human existence and let these insights guide our business choices.

A conscious business promotes mindfulness for all of its stakeholders. Employees are encouraged to investigate the world with rigorous scientific reasoning, and to reflect on their role in it with equally rigorous moral reasoning. They are invited to contemplate their own selves, finding what it means to live with virtue, meaning, and happiness. They are also asked to think of their colleagues as human beings, rather than as

“human resources.” Finally, they are required to understand their customers, offering them products and services that support their growth and well-being. A conscious business fosters peace and happiness in individuals, respect and solidarity in the community, and mission accomplishment in the organization.

Most of us recognize that companies need employees with a high level of technical knowledge if they are to succeed in the information economy. I believe it is more important, and far less recognized, that companies also need employees with a high level of consciousness. Without conscious employees, companies cannot achieve greatness—or even survival. How many companies have gone out of business because of the arrogance of their executives? How many have imploded because of the disengagement of their employees? How many millions of dollars have been wasted by managers who are in denial? How many corporate leaders have chosen the immediate gratification of quarterly earnings at the expense of long-term profitability? Conscious employees are an organization’s most important asset; unconscious employees are its most dangerous liability.

### ***Conscious Employees***

I use seven qualities to distinguish conscious from unconscious employees. The first three are character attributes: **unconditional responsibility**, **essential integrity**, and **ontological humility**. The next three are interpersonal skills: **authentic communication**, **constructive negotiation**, and **impeccable coordination**. The seventh quality is an enabling condition for the previous six: **emotional mastery**. These qualities are easy to understand, but hard to implement. They seem natural, but they challenge deep-seated assumptions we hold about ourselves, other people, and the world. This is why although most of us know *about* them, we don’t know *how* to enact them. They are common sense, but not common practice.

Conscious employees take responsibility for their lives. They don’t compromise human values for material success. They speak their truth and listen to others’ truths with honesty and respect. They look for

creative solutions to disagreements, and honor their commitments impeccably. They are in touch with their emotions and express them productively.

Unconscious employees do the opposite. They blame others for problems, seek immediate gratification regardless of ethics, and claim to always be right. They hide significant information, sweep conflicts under the table, and negotiate to beat their opponents. They expect to get what they need without asking, make irresponsible promises, and don't honor their commitments. They repress their emotions or explode irrationally.

Of course, productive employees must have the necessary cognitive power, knowledge, and technical skills to do their jobs. If you don't know engineering, you're the wrong person to build a bridge. But productive employees must also have conscious business skills. If you know engineering but can't communicate, negotiate, and coordinate, you are the wrong person to work on the construction team.

Conscious employees require conscious managers if they are to fully commit their energy to organizational goals. Unless they feel acknowledged, supported, and challenged by their managers, conscious employees will withdraw. Conscious managers create the right environment for employees to blossom as professionals and as human beings. They enable employees to contribute their best. Nothing is more vital for exceptional performance than conscious management.

No matter what type of business, the *only* way to generate a competitive advantage and long-term profitability is to attract, develop, and retain talented employees. The top management of the company can provide an inspiring vision and a solid strategy, but these aren't enough. Managers at all levels determine the everyday world of employees. Only conscious managers can elicit employee engagement. Unfortunately, managerial consciousness seems to be in short supply. Warren Bennis and Burt Nanus report that less than one out of every four employees is working at full potential. One-half said they only do what's necessary to keep their jobs and three out of four say they could be more effective than they are.<sup>5</sup> The good news is that

there's lots of room for improvement. If companies could harness the lost energy, organizational performance would surge.

*If management views workers not as valuable, unique individuals but as tools to be discarded when no longer needed, then employees will also regard the firm as nothing more than a machine for issuing paychecks, with no other value or meaning. Under such conditions it is difficult to do a good job, let alone to enjoy one's work.*

*Mihaly Csikszentmihalyi<sup>6</sup>*

### **Conscious Managers**

In *First, Break All the Rules*, Marcus Buckingham and Curt Coffman report the results of a twenty-year research project on organizational effectiveness undertaken by the Gallup Organization. The study focused on a single question: "What do the most talented employees need from their workplace?"

After surveying over a million individuals from a broad range of companies, industries, and countries, the study concluded that "Talented employees need great managers. The talented employee may join a company because of its charismatic leaders, its generous benefits and its world class training programs, but how long that employee stays and how productive he is while he is there is determined by his relationship with his immediate supervisor."<sup>7</sup>

This led to the researchers' next question: "How do the world's greatest managers find, focus and keep talented employees?" Gallup surveyed 400 organizations, interviewing a cross section of 80,000 great and average managers. To determine who was great and who was average, they used objective performance measures such as sales, profit, customer satisfaction, and employee turnover. The combination of both these studies resulted in the most extensive empirical research ever carried out on this subject.

The researchers found that exceptional managers created a workplace in which employees emphatically answered “yes” when asked the following questions:

1. Do I know what is expected of me at work?
2. Do I have the materials and equipment I need to do my work right?
3. At work, do I have the opportunity to do what I do best every day?
4. In the last seven days, have I received recognition or praise for doing good work?
5. Does my supervisor, or someone at work, seem to care about me as a person?
6. Is there someone at work who encourages my development?
7. At work, do my opinions seem to count?
8. Does the mission/purpose of my company make me feel my job is important?
9. Are my co-workers committed to doing quality work?
10. Do I have a best friend at work?
11. In the last six months, has someone at work talked to me about my progress?
12. This last year, have I had opportunities at work to learn and grow?<sup>8</sup>

These results are not just true for individual performers and their immediate supervisors; they hold at all levels of the organizational hierarchy. Top management’s primary responsibility is to populate the company with what I’ve called “conscious employees.” Senior managers do not just set the corporate mission and policy; they also create an environment that attracts, retains, and develops their junior managers. To attract conscious employees, managers need to exercise conscious leadership.

*The worst leader is he who people despise. A good leader is he who people worship. A great leader is he who makes people say: “We ourselves did it.”*

*Lao Tzu, Tao Te Ching*

## ***Conscious Leadership***

Leadership is the process by which a person sets a purpose for other persons and motivates them to pursue it with effectiveness and full commitment. Leadership transforms individual potential into collective performance. The leader's job is to develop and maintain a high-performing team. Her effectiveness is demonstrated by the performance of the team<sup>1</sup>.

Anyone who manages people has a leadership responsibility. Formal authority is never sufficient to gain enthusiasm from those to be managed. An essential part of the manager's job is to enlist the full cooperation of those she leads, shifting their motivation from external compliance to internal commitment. Thus, great leadership is a necessary condition for great management. A team that is well managed, and thus well led, operates in alignment, because each of the team members takes the team goal as his own. Great managers (i.e., great leaders) earn the trust and respect of their subordinates. Without trust and respect, followers will rarely exert more than the minimum effort in the pursuit of the goals set by a leader.

Asking whether someone is a manager or a leader is like asking whether someone is a soccer player or a ball-kicker. Kicking the ball is the way in which a soccer player plays soccer. It is ridiculous to say that Joe is a good soccer player but a bad kicker, or that we have too many soccer players but not enough kickers. By the same token, leadership is a necessary skill for anyone who manages. Leadership is the way in which a manager manages.

How does a great manager earn the trust and respect of her subordinates? First, she needs to demonstrate the cognitive and technical competence to do her job. Note the word "demonstrate" here. Not only does a leader need to have the competence, she needs to convince her followers that she is management-worthy. The manager does not need to show that she can do the subordinates' jobs; she must show that she can do *her* job. In other words, she needs to prove that she can perform managerial functions such as selecting

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<sup>1</sup> Everything in this book applies to all people, regardless of their gender. When I speak about individuals, I could use "him or her" every time, but I find this cumbersome and distracting. Instead, I will alternate between "him" and "her." Either way, I refer to both genders.

the right people to join the team, assigning tasks appropriately, providing context for how all the tasks fit together in the pursuit of the team goal, and so on.

Second, she needs to exercise conscious leadership. That is to say, she needs to lead with the seven qualities of conscious business I described above. A great manager leads through unconditional responsibility, essential integrity, ontological humility, authentic communication, constructive negotiation, impeccable coordination, and emotional mastery. In addition, she fosters—and demands—the enactment of these qualities in her subordinates. A great manager holds not only herself accountable for conscious behavior. She holds everybody else accountable as well; and she holds everybody else accountable for holding everybody else—including the manager herself—accountable. This creates a culture in which everybody supports and calls for everybody else’s consciousness.

*Leadership starts with what the leader must be; the values and attributes that shape the leader’s character. Leadership is a matter of how to be, not how to do.*

*Be, Know, Do: The Army Leadership Manual*

### ***The Three Dimensions of Business***

Every organization has three dimensions: the impersonal, task, or “It;” the interpersonal, relationship, or “We;” and the personal, self, or “I.” The impersonal realm comprises technical aspects. It considers the effectiveness, efficiency, and reliability of the organization. The interpersonal realm comprises relational aspects. It considers the solidarity, trust, and respect of the relationships between organizational stakeholders. The personal realm comprises psychological and behavioral aspects. It considers the health, happiness, and need for meaning of each stakeholder. Just as material objects exist in three-dimensional physical space, businesses exist in three-dimensional organizational space. Every object has length, width, and depth; every business has It, We, and I.

When we look at an organization from the impersonal It perspective, we consider its ability to achieve its goals, pursue its vision, and fulfill its mission in a way that enhances its capacity to continue to do so in the future. In the impersonal realm, the goals of a business include making money today and in the future, increasing shareholder value, and gaining market share. (The goal of a nonprofit could be to care for the sick, feed the hungry, or educate children.) In this dimension, the concern is for efficiency, attaining the maximum output with the minimum consumption of resources.

Impersonal success is essential. Without it, the survival of the organization is at risk. If it does not fulfill its reason for being, it will be unable to draw energy and resources, and it will collapse. For a business to get raw materials it needs to pay its suppliers; to get the contribution of employees it needs to offer them an attractive compensation package; to get revenue from its customers it needs to offer them attractive products or services; to get funding from its investors it needs to offer them attractive expected returns. If the business cannot appear attractive to its stakeholders, it will fail.

Instead of looking at the business world as a three-dimensional space, most managers—and investors—focus only on the It. It is as though they wore polarized lenses that filter out the We and the I. Stripped of the human dimensions, business appears to be an unconscious activity in which success and failure depend exclusively on the management of mindless things. However, business success essentially depends on the leadership of conscious beings.

When we look at an organization from the interpersonal We perspective, we examine its ability to create a community that works with solidarity, trust, and respect. In the interpersonal realm, the goal is to build a network of collaborative relationships. A community in which people feel included, respected, and enabled to contribute their best.

Interpersonal success is also indispensable to survival. Human beings are social beings. In order to offer their full engagement to the organization, people demand to feel accepted, respected, supported, acknowledged, and challenged. Monetary compensation alone cannot accomplish this. This is why solidarity is

so fundamental to long-term business success. If people do not cooperate and respect each other, the organization will fail.

When we look at an organization from the personal I perspective, we focus on its ability to foster well-being, meaning, and happiness in each one of its stakeholders. In the personal realm, the goal is to cultivate psychophysical health and a high quality of life. Every person wants to feel whole in body and mind, to know that her life is meaningful, to be happy. A conscious organization's goal in the personal realm is to promote the self-actualization and self-transcendence of everyone it touches.

Finally, personal success is critical. Without it, no organization can last. Happy people are much more productive and able to cooperate with others.<sup>9</sup> They are resilient when suffering setbacks and enthusiastic when facing opportunities. They trust themselves to respond appropriately to life circumstances, to connect with others, and to deliver exceptional results. If people are not happy in their jobs, they will not remain engaged; they will not last as productive employees. They may not quit formally, but they will quit emotionally. In order to obtain energy from its employees, the organization needs to provide them with opportunities for physical, emotional, mental, and spiritual well-being. If an organization's people do not experience this well-being, it will fail.

Over the long term, the It, We, and I aspects of this system must operate in concert. Although it is possible to achieve good financial results in the short term with unhappy people, cold relationships, or wasteful processes, the gains will not endure. Strong profits will not be sustainable without equally strong interpersonal solidarity and personal well-being.

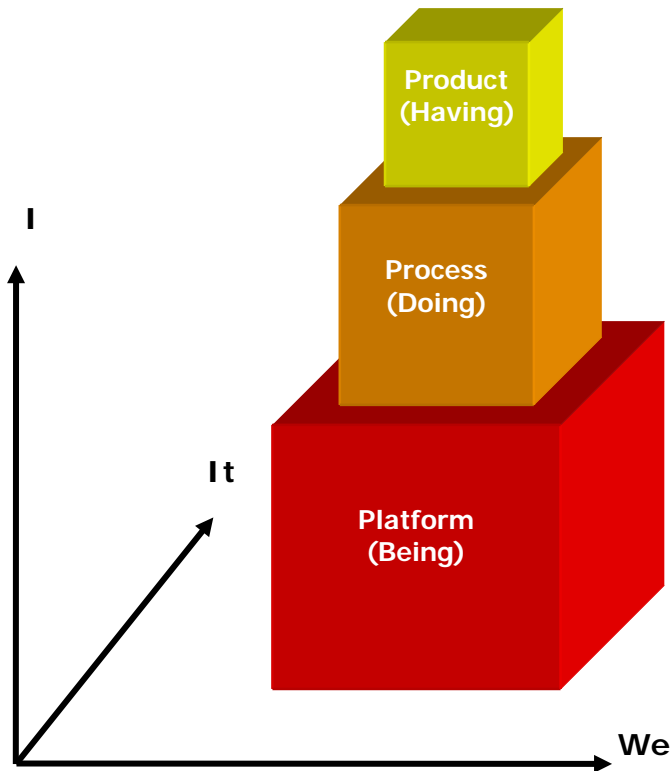
### ***Being, Doing, Having, and Becoming***

"The best way to do is to be," said Lao Tzu nearly 2,500 years ago. The recommendation is still valid, even though it goes against our instincts. Our attention is normally drawn to that which we can see (the effect), which obscures the importance of what remains hidden (the cause). We focus on results (the having) and forget the process (the doing) necessary to achieve those results. We are even less aware of the infrastructure

(the being) that underlies processes and provides the necessary capabilities for their functioning. Achieving specific results requires behaving in the way that produces such results, and behaving in such a way requires *being* the type of person or organization capable of such behavior. Thus, the highest leverage comes from *becoming* the person or organization capable of behaving in the way that produces the desired results.

Consider a computer. At the level of *being* (platform or infrastructure) it relies on an operating system. For example, my computer uses Microsoft Windows. This master program enables the operation of the application programs, which appear at the level of *doing* (processes or behaviors). I am writing this text using Microsoft Word. At the level of *having* (products or results) we find the output of the application program. I am producing a text file that will be published as the book you are now reading. If the operating system couldn't support the application programs, these would not run properly. In order to yield the correct output, the operating system must provide the process capabilities required by the applications.

This sequence of platform, process, and product occurs in the three dimensions I described above: It, We and I. Imagine three cubes stacked on top of each other (see figure 1). The bottom cube represents the platform, the middle cube the process, and the top cube the product. In each cube, the height represents the I or personal dimension, the width represents the We or interpersonal dimension, and the depth represents the It or impersonal dimension.



**Figure 1: An Integral Perspective of Organization**

The impersonal aspect of the platform (the bottom cube) is the business infrastructure: the material, technological, economic, and administrative base comprised of property, plant, equipment, financial structure, information systems, organizational design, etc. The interpersonal aspect is the organization's culture: the shared beliefs, values, and norms that let people know how to behave and what they can expect from others. The personal aspect is the individual's mental model: her beliefs, values, and psychological structures.

The impersonal aspect of the process (the middle cube) is the functional tasks: procurement, sales, marketing, operations, etc. The interpersonal aspect is the interactions of the organization's stakeholders: communication, negotiation, and coordination. The personal aspect is the behavior of these individuals: their thinking, feeling, and acting.

The impersonal aspect of the product (the top cube) is the business results: mission accomplishment, profitability, and growth. The interpersonal aspect is the experience of community: the group's sense of

solidarity, connectedness, and belonging. The personal aspect is the quality of life of each of the individual stakeholders: their wellness, happiness, and meaning.

**Table 1: Organizational Map**

	<b>(I)</b> Individual Personal Self	<b>(We)</b> Relationship Interpersonal Community	<b>(It)</b> Task Impersonal Organization
Product Result <b>(Have)</b>	Well-being Meaning Happiness	Solidarity Connectedness Belonging	Mission Accomplishment Profitability Growth
Process Behavior <b>(Do)</b>	Thinking Feeling Acting	Communicating Negotiating Coordinating	Selling Delivering Planning, etc.
Platform Structure <b>(Be)</b>	Mental Model: Personal Values, Beliefs, and Practices	Culture: Shared Values, Beliefs, and Practices	Capital: Administrative, Technical, and Economic Infrastructure

This table is a convenient summary, but it obscures an important fact. These are neither three independent columns put side by side, nor three independent rows stacked on top of each other; they are a system. Each element relates to every other element; each one influences and is influenced by the others. It is possible to influence the system starting from any element, so the critical question is, “What is the best place to focus improvement efforts?”

I believe that the highest leverage can be gained by focusing on culture. I also believe that the strongest determinant of an effective, healthy culture is conscious leadership. Developing consciousness in its top managers is the most efficient way for an organization to improve.

## ***Conscious Culture***

No man is an island. Human beings are social animals who band together in families, clans, tribes, and organizations. Our biological and psychological survival requires relationships with other people. Thus, we look for signals about how to fit within a certain community, and we adapt our behavior accordingly. If we cannot adapt, we leave or are ejected. Every group exerts pressure on its members to conform to its cultural norms. Those who fail in their acculturation suffer ostracism.

Culture is best described as the standard beliefs and expectations of “how we do things around here.” Culture develops from the messages that group members receive about how they are expected to behave. It comprises shared goals, beliefs, routines, needs, or values. Cultures exist in all groups, from corporations to sport clubs, from schools to families.

Developing a conscious culture is a business imperative. Culture undergirds an organization. It enables the execution of its strategy, the achievement of its goals, and the fulfillment of its mission. Culture is as essential a part of the organization’s infrastructure as its technology; perhaps even more essential. Collins found, “Technology and technology-driven change has virtually nothing to do with igniting a transformation from good to great.”<sup>10</sup> Yet typical companies channel the bulk of their investment toward the purchase of unconscious capital while spending relatively little on the development of conscious (human) capital.

The key infrastructure question is, “What culture do we need in order to execute our strategy and fulfill our mission?” Although specific missions entail specific cultural attributes, at the core of every productive culture are the seven qualities of conscious business. These qualities are rare in people, but they are even rarer in organizations. Establishing them as the organizational way of doing things requires a cultural change.

To change a culture, the leaders have to change the messages people receive about what they must do to fit in. When people understand that there are new requirements for belonging, they adjust their behavior accordingly. Cultural change starts with a new set of messages. Culture-changing communication is nonverbal—the “doing” rather than the “saying”—and comes most vividly from leadership behaviors. The

behavior of leaders exemplifies what people with power—and those who aspire to have it—are supposed to do. A small change in a senior manager’s behavior can send a big message. For example, a CEO who begins to hold his reports accountable for treating others with respect—perhaps demoting a notoriously disrespectful high performer—would show that respect is a cultural norm.

The good news is that a cultural change inevitably leads to an organizational change. If the leadership can change people’s beliefs about “the way things are done in this organization,” things will definitely be done differently. Those who adjust and fit into the new culture will thrive; those who don’t will leave. As the culture changes, its thoughts, behaviors, interactions, systems, processes, and results will change.

The bad news is that changing a culture is exceedingly difficult. Culture is not something that leaders can change by decree. They can only reshape it through new behaviors. The chicken-and-egg problem is that leadership behaviors are strongly determined by the existing culture. Furthermore, those who have reached leadership positions are the ones who thrived in the old culture. How can they lead the organization away from the patterns that helped them succeed? Only through a change in consciousness. The spark that ignites a process of cultural change is a change in the attitudes, beliefs, and behaviors of top management: in other words, a shift from unconscious to conscious leadership.

*In the hands of a mature, healthy human being—one who has achieved full humanness—power ... is a great blessing. But in the hands of the immature, vicious, or emotionally sick, power is a horrible danger.*

*Abraham Maslow<sup>11</sup>*

**Table 2: Unconscious versus Conscious Business**

Unconscious Attitudes	Conscious Attitudes
Unconditional Blame Essential Selfishness Ontological Arrogance	Unconditional Responsibility Essential Integrity Ontological Humility
Unconscious Behaviors	Conscious Behaviors
Manipulative Communication Narcissistic Negotiation Negligent Coordination	Authentic Communication Constructive Negotiation Impeccable Coordination
Unconscious Reactions	Conscious Responses
Emotional Incompetence	Emotional Mastery

### ***Unconscious Attitudes***

Three attitudes lie at the source of unconscious organizations. They establish a toxic infrastructure that leads to disastrous results in the impersonal, interpersonal, and personal dimensions.

**Unconditional blame** is the tendency to explain all difficulties *exclusively* as the consequence of forces beyond your influence, to see yourself as an absolute victim of external circumstances.

Every person suffers the impact of factors beyond his control, so we are all, in a sense, victims. We are not, however, *absolute* victims. We have the ability to respond to our circumstances and influence how they affect us. In contrast, the unconditional blamer defines his victim identity by his helplessness, disowning any power to manage his life, and assigning causality *only* to that which is beyond his control.

Unconditional blamers believe that their problems are always someone else's fault, and that there's nothing they could have done to prevent them. Consequently, they believe that there's nothing they should do to address them. Unconditional blamers feel innocent, unfairly burdened by others who do things they "shouldn't" do because of maliciousness or stupidity. According to the unconditional blamer, these others "ought" to fix the problems they created. Blamers live in a mood of self-righteous indignation, trying to control people around them with their accusations and angry demands.

What the unconditional blamer does not see is that in order to claim innocence, he has to relinquish his power. If he is not part of the problem, he cannot be part of the solution. In fact, rather than being the main character of his life, the blamer is a spectator. Watching his own suffering from the sidelines, he feels "safe" because his misery is always somebody else's fault. Blame is a tranquilizer. It soothes the blamer, sheltering him from accountability for his life. But like any drug, its soothing effect quickly turns sour, miring him in resignation and resentment. In order to avoid anxiety and guilt, the blamer must disown his freedom and power and see himself as a plaything of others.

The blamer feels victimized at work. His job is fraught with letdowns, betrayals, disappointments, and resentments. He feels that he is expected to fix problems he didn't create, yet his efforts are never recognized. So he shields himself with justifications. Breakdowns are never his fault, nor are solutions his responsibility. He is not accountable because it is always other people who failed to do what they should have done. Managers don't give him direction as they should, employees don't support him as they should, colleagues don't cooperate with him as they should, customers demand much more than they should, suppliers don't respond as they should, senior executives don't lead the organization as they should, administration systems don't work as they should—the whole company is a mess. In addition, the economy is weak, the job market tough, the taxes confiscatory, the regulations crippling, the interest rates exorbitant, and the competition fierce (especially because of those evil foreigners who pay unfairly low wages). And if it weren't difficult enough to

survive in this environment, everybody demands extraordinary results. The blamer never tires of reciting his tune, “Life is not fair!”

**Essential selfishness** is the exclusive focus on ego gratification, without concern for the well-being of others. It is the drive toward immediate satisfaction, without considering the long-term consequences of your actions on others—or even on yourself.

The selfish individual is single-mindedly focused on her desires. She seeks pleasure, assuming that getting what she wants is both necessary and sufficient for a good life. Winning is everything for her; all her attention is on “taking care of number one,” coming out on top, being first at any cost. She is ready to do anything to achieve her goals: bend some rules, break others, use people if convenient, disregard them if not, sack them if necessary. The selfish individual respects no moral or legal boundaries in her pursuit of ego gratification. She may obey the law, but only out of fear of punishment—not because of any sense of morality. She is ruthless and relentless in her pursuit of pleasure. She sees other people as a means whose only role is to serve her purposes. She is guided by greed, envy, and jealousy, consumed by possessiveness. Her desire is never satisfied; she always wants more, more, and more.

The blindness of the selfish individual is that her attachment to success is the ultimate source of her suffering. Her endless cravings lead her to a hellish realm of anxiety, fear, frustration, and depression. In the Buddhist tradition these individuals are called “hungry ghosts” and are depicted as having huge mouths and long thin necks, which make them unable to swallow what they bite off. Their bodies are emaciated since they cannot get any nourishment. Spiritual traditions of East and West teach that attachment to egoic desire always leads to suffering. The selfish individual disregards this wisdom, trusting that the satisfaction of her endless appetite is the key to happiness.

For the selfish individual, work is just another place in which to get as much as possible while giving the least possible back. Her contributions are to be minimized and her compensations are to be maximized. She

always seeks to take advantage of situations and people, regardless of whether this may hurt others. Cutting corners is all right if it allows her to succeed now—even if it is harmful in the long term.

Unflattering portrayals of selfish business people often appear in the news. Their greed and unscrupulousness give business a bad name. They see their companies exclusively as means for their own gratification. They exploit employees, lie to investors, squeeze suppliers, and take advantage of customers, all for their own personal gain.

**Ontological arrogance** is the claim that things are the way you see them, that your truth is the *only* truth. It is the belief that the only valid perspective is the one you hold, and that anybody who sees things differently is mistaken.

The ontological arrogant (ontology is the branch of philosophy that asks what actually exists) does not distinguish his personal opinions from objective truth; for him, his opinions *are* the truth. Neither does he distinguish his subjective experience from objective reality; for him, his experience *defines* reality. He lives in a dream world, and takes it to be the real world. He acts as though his views are absolutely right and whoever disagrees with him must be wrong. For the ontological arrogant there is only one way of thinking: his. Diversity of thought is anathema to him; his goal is to get everybody to surrender to his ideas. He is intent on showing that he is right, and will argue passionately to prove his point—even if he is not sure about it. He is the classic know-it-all, always pontificating about how things are, how they ought to be, and what everybody else should do.

The ontological arrogant “loves his face more than he loves the truth.” He refuses to question his views, even against overwhelming contradictory evidence. His self-esteem depends on being right—or at least on looking like he is. His self-image is brittle and would be shattered if he were forced to acknowledge a mistake. This makes it impossible to have a productive conversation with him. His self-righteous assertions antagonize those with different perspectives. His behavior polarizes people and touches off quasi-religious

wars in which each camp tries to prove that it owns the truth. This prevents groups from integrating the information of all their members into a more inclusive perspective.

The current work environment means trouble for the ontological arrogant. The information economy requires humility and willingness to learn from others. In the old days, a manager was able to do most jobs under his supervision better than his employees. Nowadays, employees know better than managers what is happening in their areas and what to do about it. The manager has a role in aligning individual efforts as parts of a team strategy, but the most effective tactical responses come from the employees with local knowledge. The arrogant manager, however, cannot listen to his employees. He uses his formal authority to impose his perspective. This demotivates his subordinates into compliance or even malicious obedience. Nobody feels like offering his best to someone who does not listen to him.

When unconditional blame, essential selfishness, and ontological arrogance become the toxic infrastructure of an organization, they lead to three types of perverse interactions: manipulative communication, narcissistic negotiation, and negligent coordination.

### ***Unconscious Interactions***

At work, we interact in three basic ways. We communicate to understand each other, we negotiate our differences to make decisions, and we coordinate our actions through mutual commitments. Each type of interaction poses a challenge in the It, We, and I dimensions.

The challenge of communication is to share difficult information with honesty and respect in a way that honors your values, deepens your relationships, and improves your (and the organization's) performance. To understand this challenge, consider how you would tell a colleague that you think his proposal is a terrible idea in a way that helps both of you work better together.

The challenge of decision making is to turn disagreement into consensus, taking care of every party's concerns. To understand this challenge, consider how you would go from your wanting to do "A" and your

colleague wanting to do “B” to the two of you freely deciding (and committing) to doing “X” together in a way that builds self-esteem, connection, and excellence.

The challenge of coordination is to make and fulfill commitments in the face of uncertainty and change. To understand this challenge, consider how you would honor your word, enhance trust in your relationship, and accomplish your (and the organization’s) goals when you make promises that are subject to risk.

There are conscious and unconscious ways to address these challenges. Unfortunately, most people tend to act unconsciously.

**Manipulative communication** is the choice to withhold relevant information in order to get what you want. Those who communicate manipulatively seek to pursue their personal agenda above all else. They hide data that does not support their arguments and fabricate information to buttress their positions. They are willing to deceive others if necessary to reach their goals. They have no desire to present a full picture of the situation and enable others to make free, informed choices. They only convey information that supports their argument. Simultaneously, they have no curiosity about what others really think. They only care about getting others to think what they think. Thus, their questions attempt to undermine others’ positions and advocate for their own. Genuine inquiry is anathema to them, since it may allow others to present information that contradicts their view.

When people communicate manipulatively, there is a wide gap between public speech and private thoughts. From the outside, it may seem like a polite conversation is taking place. But significant facts and opinions remain hidden in each person’s mind. This leads to serious problems. From a task perspective, miscommunication destroys effectiveness and creates escalating errors. It is impossible to operate successfully if people don’t share relevant information. It is equally impossible to cooperate without a frank discussion in which people understand each other’s views and needs. From a relationship perspective, it is impossible to experience mutual respect and connection when relating dishonestly. In order to develop a sense of community it is necessary to take the other as a legitimate partner, one who deserves to be heard and make

her own decisions freely and with full information. From a personal perspective, the gap between your real thoughts and your messages sets off a feeling of hypocrisy. Hiding relevant parts of your truth produces stress because it violates your sense of honesty.

**Narcissistic negotiation** is the attempt to prove your worth by beating up your opponent. The narcissist's primary goal is not to achieve what he wants, but to show the other "who's the boss." The narcissist puts others down as a way of pulling himself up in comparison. In a negotiation, the narcissist seeks to *win over* the other, as opposed to *win with* the other. Instead of trying to satisfy every party's needs, narcissistic negotiators focus only on having their demands met. This prevents them from exploring options that could address their underlying interests without clashing with the other person's needs. Narcissistic negotiation prevents shared problem solving and escalates conflict.

When people use disagreement as an arena in which to prove that they are more valuable than their opponents, performance suffers. For starters, the expectation that differences of opinion will degenerate into fights encourages people to avoid necessary discussions and sweep disagreements under the table. I explained above how these manipulative conversations seriously hurt personal, team, and organizational performance. Beyond that, even when people share their information and engage in discussion, the decision-making process is politicized and fraught with personal attacks. People become identified with their opinions and consider any disagreement a personal affront. They are unable to distinguish a challenge to their ideas from a challenge to their identity. So the discussion is never really about the relative merits of the contending points of view—although it may look like it on the surface. The discussion is all about who wins and who loses, who gets the right to trounce the other. A resource allocation process based on such contentiousness cannot yield a good outcome. On the contrary, decisions tend to be erratic and based on power rather than logic.

Narcissistic negotiations destroy relationships. People see each other as enemies competing for scarce resources. There is overt competition for material things but, more damaging, there is covert competition for what appears to the opponents as a fixed and limited amount of self-esteem. This sets up a zero-sum game in

which one player wins only what the other loses. There is no room for cooperation, creativity, synergy, or solidarity. It's a dog-eat-dog world in which one ends up on top and the others on the bottom. The rivalry usually goes beyond the individuals directly involved in the conflict. As representatives of different organizational factions, participants engage their "allies" in the fight. Additionally, it is typical for the contenders to stab each other in the back by going to a senior person to advocate their case against the other. This is seriously detrimental because it engages the managers in the subordinates' turf wars.

**Negligent coordination** is a careless way to collaborate, making promises without a serious commitment to honor them. Collective action requires counting on each other's word: a word kept by making and fulfilling commitments. If people let each other down, performance suffers, trust disappears, and anxiety reigns. The situation is even worse when the would-be collaborators don't know how to make clear requests and hold others accountable for their promises. There is a perfect convergence of careless requests, groundless promises, fulfillment breakdowns, and ineffective complaints that destroys coordination, reliance, and integrity.

Some typical examples of negligence in *making a request* include not asking for what you want, expecting the other to read your mind and fulfill your unstated wishes; failing to address your request to a specific person; not defining the concrete deliverables that you are asking for; leaving undetermined the time by which you want the request to be fulfilled; and assuming that because the other didn't explicitly decline your request, he promised to fulfill it. Some typical examples of negligence in *responding to a request* include accepting a request without understanding it; promising to deliver something that you have no skills or resources to produce; committing to do something without really intending to do it; and leading the requestor to believe that you are committed when you are truly not, through a lame response such as "I'll do my best" or "I'll see what I can do." Some typical examples of negligence in *honoring a commitment* include failing to plan for risk mitigation and being blindsided by predictable events; not alerting the requestor when you realize that you may not be able to fulfill your promise; letting the requestor know of the risk but not taking responsibility

(using “victim” justifications that blame external events); not working with the requestor to minimize disruptions; and failing to contact the requestor to apologize and repair the damage even after the deadline, or worse yet, reacting with anger to the requestor’s legitimate complaint.

As if these perverse attitudes and interactions were not enough to overwhelm individuals and organizations, their effects are compounded by a seventh factor that undermines people’s attempts to remain conscious: emotional incompetence.

### ***Unconscious Reactions***

**Emotional incompetence** comes in two kinds: explosion and repression. The first is acting out your feelings, indulging in counterproductive behaviors that only serve to discharge your emotional impulses. The second is stuffing your feelings behind a facade of stoicism, pretending that nothing is going on while seething inside. We tend to display both behaviors in cycles: Repression builds up a charge to the point where we cannot contain it and we explode—with disastrous consequences for ourselves and others. The pain and guilt we feel after such an episode triggers a new cycle of repression, which is surely followed by another explosion, and so on.

Emotions can overtake your mind and trigger actions that you later regret. As you reflect, it is shocking to realize that you lost your cool and behaved irrationally. Even if you can fight off the pressure to think and behave perversely under normal conditions, your psychological defenses tend to collapse under emotional stress. Grief, fear, anger, and guilt are typical emotions that can debilitate your mind to the point where you revert to automatic patterns of fight or flight. Such biological programming is entrenched in the most primitive part of your nervous system, known as the reptilian brain. When intense emotional energy overcharges your system, you blow the proverbial fuse. The ensuing short circuit puts the rational part of your mind off-line and allows atavistic impulses to take over.

Most of us have caused harm in the throes of passion. Some of us have concluded that it is better to suppress our emotions. Pushing them into a dark corner of our minds, however, defeats our purpose. Beyond

the reach of awareness, they grow in the shadows until they become strong enough to mount an assault and take control. And if we manage to repel them, they revert to covert tactics, creating stress, anxiety, depression, and other psychosomatic diseases.

If we get overwhelmed by our emotions, we revert to active and passive aggression. Even though they always end up backfiring, these tactics are deeply ingrained. They seem to protect us in the short term, but they harm us (and those around us) in due course. They promise relief, but they deliver only suffering.

Over the course of this book, I will explore the transition from these unconscious attitudes, interactions, and reactions to a more conscious way of doing business. I will present concepts, tools, and practices to foster a more vibrant, more rewarding, and more productive (business) life.

### ***An Invitation to Conscious Business***

You know that there is more to work than making money. You know that it is possible to experience great joy as you engage in meaningful work of which you are proud; soulful work that confronts you with challenges that tax and develop your skills; work that is aligned with your mission in life. This is work you enjoy doing for its own sake, work that provides you with significant material and spiritual rewards.

While you do this work, you feel totally absorbed. Time seems to stop and you enter into an extraordinary reality. Difficulties become creative challenges. You feel in control—not because you can guarantee the result, but because you trust yourself and know that you can respond skillfully. This is an ecstatic world that “stands outside” everyday dullness, a world that captures you so thoroughly that you forget yourself. There’s a sense of flow, an experience of hard work performed with ease. Life seems to be living itself effortlessly, and everything that needs to get done gets done.

You may be alone but you don’t feel lonely. You feel connected to something larger than yourself. Whether people are physically present or not, you feel a bond with a community of purpose. You feel an

exquisite intimacy, a sense of belonging to something larger than yourself, and yet completely at one with your true self.

Some people say that work is hell. I claim that work can be heaven. Heaven and hell are not realms of the afterlife; they are states of mind. When you live and work unconsciously, situations look hellish, but when you intensify the light of awareness, the same situations look heavenly. I hope this book helps you brighten the light of consciousness for yourself, your organization, and the world.

A big, tough samurai once went to see a little monk. "Monk," he barked, in a voice accustomed to instant obedience, "teach me about heaven and hell!"

The monk looked up at this mighty warrior and replied with utter disdain, "Teach you about heaven and hell? I couldn't teach you about anything. You're dumb. You're dirty. You're a disgrace, an embarrassment to the samurai class. Get out of my sight. I can't stand you."

The samurai got furious. He shook, all red in the face, speechless with rage. He pulled out his sword, preparing to slay the monk.

Looking straight into the samurai's eyes, the monk said softly, "That's hell."

The samurai froze. The compassion of this monk who had risked his life to show him hell! He put down his sword and fell to his knees filled with gratitude.

The monk said softly "And that's heaven."

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## Further reading

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