

The Future of Leadership for Conscious Capitalism

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"This is immensely important work that every leader committed to Conscious Capitalism should engage in."

John Mackey, Co-CEO, Whole Foods



The Big Idea in 336 Words

We've never experienced a more demanding, fast-paced and complex leadership environment.

To thrive as an organization in the 21st-century marketplace – and execute on the vision of Conscious Capitalism® – requires unprecedented leadership capacity and delivery. Most leaders are in over their heads in the face of today's challenges, unable to adapt and evolve quickly enough. Many are failing as a result.

This white paper first discusses the new science of vertical learning and its central role in scaling and embedding Conscious Capitalism. Harvard's Robert Kegan contends that vertical learning catalyzes a quantum increase in mental complexity. This radically improves a leader's ability to navigate today's highly complex, ambiguous, and rapidly changing context, and cascade those new skills into the entire organization.

Vertical learning has proven to unlock powerful yet latent mental, emotional, and relational capacities that make leaders more effective across a variety of mission-critical domains. These include improved strategic and systemic thinking, change leadership, stakeholder relationship development, and conflict management.

Vertical learning is a needed piece of the puzzle to

achieve the promise of Conscious Capitalism. It uniquely cultivates the "consciousness" in Conscious Capitalism. Developed at Harvard, Stanford, Oxford, and other world-class institutions, it has become central to leadership and high-performance development. Today it is used within the elite US military and intelligence communities, with Olympic and extreme athletes, and in a growing number of leading organizations.

The second half of the paper describes the practices and perspectives of organizational leaders who have accomplished considerable growth through vertical learning. They are among the top 5% of leaders that have developed crucial mental and emotional capacities required to lead complex change.

Studies show that leaders like these who undergo significant vertical learning are far more likely to generate the organizational transformation required for high-impact, large-scale Conscious Capitalism. These individuals represent the future of leadership for Conscious Capitalism.

The paper concludes with 14 evidence-based and experimental practices you can do to accelerate your own and others' deep development, and provides considerable support resources to do so.

"This is immensely important work that every leader committed to Conscious Capitalism should engage in. This article clearly shows who we need to become in order to create a prosperous future for our companies and the world. This is advanced leadership that will enable us to thrive in tomorrow's complexity and rapid change. I highly recommend this to anyone looking to take their leadership – and their impact – to the next level."

- John Mackey, Co-CEO, Whole Foods

The Future of Leadership for Conscious Capitalism®

Who do we need to become to create the future we want? To deliver on the promise of Conscious Capitalism, what type of leaders do we need to be?

Business leaders today face conditions of unprecedented complexity and increasingly rapid change in the market. Concurrently, the intensity of many economic, social, and environmental challenges has overwhelmed society's capacity to respond effectively. While we are winning in many areas – such as poverty alleviation, global health, and literacy – we're also losing heavily on mission critical issues such as greenhouse gas emissions, unemployment, and corruption.

There is increasing pressure for corporations to take the lead in addressing the world's woes. Yet most business leaders and their teams are already in over their heads. An IBM Global CEO Survey found that the great majority of CEOs expect that business complexity is going to increase, and more than half doubt their ability to manage it.¹ The sheer difficulty of keeping a corporation afloat in such turbulent economic, political, and social waters is beyond most leaders' experience and mental capacity.

Research at the National Security Agency supports what many experience in the field: Leaders have a significant gap between the complexity of the tasks they face and their own mental complexity.² The tasks they are charged with are

literally more complex than their minds alone can handle. Executive mindset failure is one of the biggest drivers for why executives fail.³ Other studies cite a lack of sufficient emotional intelligence amongst leaders to respond to the relational demands of 21st century leadership.⁴ Finally, the rate of change in the business environment is recreating the playing field faster than ever. Despite how quickly shifts in technology, markets, and politics seem to occur today, change may in fact never be this slow again.⁵

The bottom line: Most leaders are hitting a mental and emotional glass ceiling, unable to effectively navigate today's business environment. Yet concurrently, a perfect storm of increasing complexity, accelerating change, and near-constant uncertainty is upon on us, and it's here to stay. To steward and scale Conscious Capitalism, and create the future we want, we need masses of leaders to break through the glass ceiling into truly conscious leadership. Practically, this means we need more conscious leaders who are able to cultivate high-impact innovation, build high-trust relationships across all stakeholders, and consciously act with deep courage. This document describes how we can grow such leaders.

There are already leaders in business, military, government and civil society who have achieved a level of development beyond the glass ceiling. Approximately 5% of leaders in the West operate with the mental and emotional capacity needed to manage complex, systemic change and reliably

generate organizational transformation.⁶ They are at the leading edge of human development and represent the future of leadership for Conscious Capitalism.

How have these leaders developed such significant capacities? Why are they far more likely than others to succeed at guiding their organizations into the most impactful stages of Conscious Capitalism? The answer to these questions lies in a new science that has just begun to be harnessed: *vertical learning*.

Today's Leadership Crisis and Opportunity

58% of new executives hired from the outside **fail within 18 months**.
– Harvard Business School Study, 2003⁷

89% of new management hires admit they **don't have** the full set of **skills or knowledge required** to do their jobs.
– Corporate Executive Board, 2005⁸

Only **30% of CEOs** are **confident** they will have the **talent needed to grow their organization** in the near future.
– PWC Trends in Human Capital, 2012⁹

Good leaders create **3x more economic value** than poor leaders, and extraordinary leaders **create significantly more economic value than all the rest**.
– Zenger & Folkman's study of 30,000 leaders¹⁰

High-performers deliver **48% improved performance** over average performers in **highly complex jobs**.
– Hunter, Schmidt, & Judiesch's research across 59,000 jobs¹¹

"For more information about Conscious Capitalism, see Appendix A. Conscious Capitalism is a registered trademark of Conscious Capitalism, Inc."

Vertical Learning: A Critical Piece of the Puzzle

We recently helped facilitate development of the European strategy for a division of a \$100B food and beverage company. Once the executive team crafted it, they realized that they lacked the leadership capacity across the organization to effectively execute it. This is an increasingly common theme.

Organizations today frequently architect highly-sophisticated strategies and then find that their people aren't yet capable of turning that vision into reality. In another case, we met with a top executive from a large international organization. Their freshly-minted 5-year global strategy drives transformative change across 30+ countries. He noted, though, that the biggest limiting factor to accomplish-

ing the strategy is leader development.

What kind of leaders do they need? He sketched their ideal leader as a highly-strategic thinker able to focus on big problems and opportunities, a superb and inspiring communicator with excellent people skills, risk-oriented, and deeply collaborative.

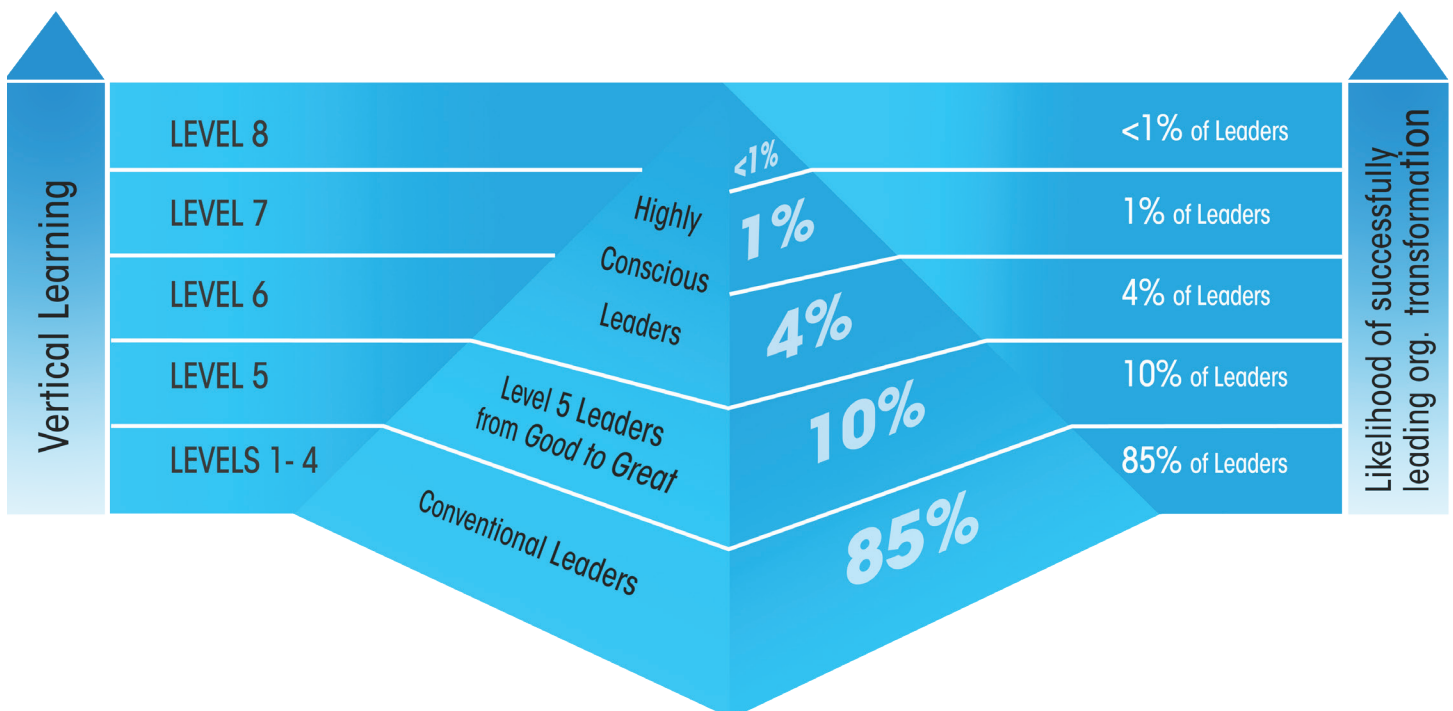
The challenge is that to identify and recruit high-performing leaders with those qualities is slow, expensive and unscalable. *Growing them* is the only viable, affordable, and sustainable solution. But the advanced cognitive, emotional, and relational capacities that organizations need for tomorrow's leaders aren't developed through today's leadership approaches.

Significant leadership potential – and

complexity of mind and heart – is latent in nearly everyone, but it needs a different sort of leadership environment to be unlocked. Vertical learning is a missing piece of the puzzle to do precisely that.

Vertical Learning: What Is It?

Vertical learning is the transformation of how a leader thinks, feels, and makes sense of the world.¹² It includes the development of both mental complexity and emotional intelligence. Vertical learning occurs naturally, but it can also be accelerated by 3x–5x under the right conditions.¹³ Increasing numbers of leaders and researchers have found that *how we know* is at least if not more important than *what we know*.¹⁴ This is especially true when it comes to leading through complex change.



Vertical Learning vs. Horizontal Learning



Total Volume =
Total Leadership Capacity

Vertical Learning = Mindset Transformation

- Improves how you think and how you interpret any situation.
- Essential to address complex problems, cultivate high-stakes relationships, and navigate rapidly changing, uncertain circumstances.
- Develops your mental complexity and emotional intelligence, literally upgrading your leadership operating system to be more wise and caring.



21st Century Conscious
Leadership Requires Vertical
+ Horizontal Learning

Horizontal Learning = Competence
Development

- Increases what you know and strengthens technical expertise.
- Essential for using known techniques to solve clearly defined problems
- Develops functional knowledge, skills, and behaviors that strengthen your leadership toolkit.



While vertical learning focuses on the *how*, traditional learning – or horizontal-learning – targets *what* a leader knows. Horizontal learning represents the knowledge and skills we acquire while operating at the same level of cognitive, emotional, and relational complexity. Horizontal learning enables us to gain knowledge and build functional skills. Vertical learning broadens our view and permanently heightens our awareness, making us both wiser and more caring.

For example, when building a strategy, it's critical that you can connect the dots across different data points and spot an emerging trend or market opportuni-

ty. That pattern recognition capacity is the result of advanced mental abilities you've developed through vertical learning. There was a time when you couldn't do that, and now you can, but you likely didn't read about it in a book. It came from the learned experience of seeing a lot of data and training yourself to see patterns in them. Horizontal learning in this case would be the technical knowledge that comes from reading an analyst's report of the environmental risks in your supply chain.

Similarly, when leading a board meeting it is essential to be able to sense the unspoken, underlying concerns among

board members and speak into them in an emotionally savvy way. That sensitivity to the nuanced emotional landscape is the result of vertical learning that strengthened your emotional intelligence. In this situation, horizontal learning could be the training you received on how to lead effective due diligence on a company before an acquisition.

Nearly all traditional leadership development is based on horizontal learning. Yet vertical learning has quickly migrated from research labs at Harvard, Stanford, and Cambridge to the heart of elite leader development programs. The Center for Creative Leadership has cited it as the #1

future trend in leader development.¹⁶ It is used heavily in some areas of the US military and intelligence communities, with Olympic and extreme athletes, and in an increasing number of select organizations.

These organizations use a combination of both vertical and horizontal learning, drawing from the best that both approaches have to offer. Mainstream business publishers have highlighted vertical learning in numerous publications.¹⁷ They point to it as essential for empowering leaders to succeed in the future.

How Conscious is Your Own Leadership? And Your Team?

One of the most widespread models of vertical learning for business application was developed by management scientist Bill Torbert, based upon research by Jane Loevinger and Susanne Cook-Greuter.¹⁸ This eight-stage model is profiled in a highly-popular *Harvard Business Review* article called “Seven Transformations of Leadership.”¹⁹

The model is based upon 40 years of re-

search involving tens of thousands of adults, among them thousands of leaders.²⁰ Torbert describes eight levels of leader mindset development, each representing increasingly complex mental and emotional capacities, each a new way of seeing the world. He calls each level an “action logic.” It’s not our ideal logic – how we’d ideally like to think and behave – but what we actually think, feel and do. It describes how we tend to interpret our surroundings and behave when issues of power and timing are at stake.

LEVEL OF DEVELOPMENT / ACTION LOGIC	DESCRIPTION
Level 8: Ironic 0.5% of US adults	Focused on being, non-controlling & witnessing the flow of experience. Deeply visionary. Holistic, unitive perspective; takes multiple points of view effortlessly. Respects the essence in others, no matter how different.
Level 7: Alchemical 1% of US adults	Focused on interplay of awareness, thought, action & effects. Seeks personal/societal transformation; embraces common humanity. Attuned to complexity of meaning making, systemic interactions & dynamic processes.
Level 6: Transforming 4% of US adults	Focused on process, principles & self-fulfillment. Generates organizational & personal transformation. Conscious of systems & paradox; manages conflicting needs in shifting contexts. Actively seeks feedback for growth.
Level 5: Redefining 10% of US adults	Focused on context, systemic connections, and own role in them. Collaborative; questions assumptions and group norms. Tolerant of differences; seeks independent, creative work. Open to & asks for feedback.
Level 4: Achiever 30% of US adults	Focused on delivery of results, effectiveness, goals. Looks for success within the system. Interested in causes, reasons, consequences; future- and learning-oriented and proactive. Accepts behavioral feedback.
Level 3: Expert 38% of US adults	Focused on expertise & procedure. Prefers efficiency over effectiveness. Rules by reason & logic; sees from a technical, specialized perspective. Seeks the “right way” before acting. Accepts feedback only from experts.
Level 2: Diplomat 12% of US adults	Focused on socially expected behavior, approval. Loyal to group, conforms; avoids inner/outer conflict. Sees things as right vs. wrong; us vs. them. Status conscious; speaks in generalities. Feedback heard as personal disapproval.
Level 1: Opportunist 5% of US adults	Focused on own immediate needs, opportunities, self-protection. Strong fight/flight response; short-term horizon. Focus on concrete things & personal advantage; sees rules as loss of freedom. Rejects feedback.

Eight transformations of leadership. See Appendix D for full descriptions of each, as related to Conscious Capitalism.¹⁵

85% of leaders in the West hold one of the first four action logics. The fifth action logic (Redefining) is the fastest growing group and roughly corresponds with Jim Collins' Level 5 leaders from *Good to Great*. It makes up 10% of the leadership population.²¹

Only 5% of leaders hold the most mature action logics – levels 6-8 (Transforming, Alchemical, and Ironic). These rare leaders offer significant insight into the future of leadership for Conscious Capitalism. They have developed deep mental, emotional, and relational capacities to effectively lead complex, systemic change. They are the most likely of all leaders to reliably succeed in generating organizational transformations.²²

In order to lead an organization into the most mature stages of Conscious Capitalism, leaders will likely need to transform their mindsets into these latest action logics (at least level 6, Transforming).²³ The sheer complexity of having significant systemic impact and delivering high value to all stakeholders will demand the compelling mental and emotional capacities of advanced action logics. In the pages that follow I'll give examples of how some highly-conscious leaders – who have already developed into the very latest stages – engage in their work. First, let's take a look at the real-world benefits of vertical learning for leaders.

The Concrete Benefits of Vertical Learning

Studies of CEOs of industry-leading public companies, mid-market executives, military cadets, and consultants all show that vertical learning cultivates a more complex mindset that makes leaders con-

siderably more effective than their counterparts.²⁴ Harvard's Robert Kegan calls it a quantum shift in mental complexity, a transformation of the underlying operating system itself. This operating system shapes our thinking, feeling, and social relating. As it evolves in a leader, the new mental, emotional, and relational capacities that arise are the very abilities needed to address complex challenges.²⁵ Yet vertical learning not only upgrades a leader's operating system, it rewires their hardware and expands their leadership competency and capacity. It literally alters brain functioning and recreates a leader's worldview.²⁶

As leaders develop from Level 4 to Level 5 (from the Achiever to the Redefining action logic), important new capacities arise. These include increased cognitive functioning, strengthened personal and interpersonal awareness, increased understanding of emotions, and more accurate empathy.²⁷ This increase in capacity – in turn – has been strongly linked to better leadership.²⁸ Specifically, leaders who have developed in this way tend to think more strategically, collaborate more, seek out feedback more often, resolve conflicts better, make greater efforts to develop others, and are more likely to redefine challenges so as to capitalize on connections across them.²⁹

Each later action-logic offers a leader more choice, greater flexibility, more transforming power, and additional methods for aligning actions with core values. As leaders shift into Level 6 (the Transforming action logic), additional powerful abilities come on board. These are especially needed to address the most complex challenges of Conscious

Capitalism. One study of organizational change over four years in 10 companies and non-profits showed that the complexity of the mindset of the CEO and their lead consultants was the single largest driver concerning whether or not the organization transformed.³¹ The companies that had either a CEO or senior consultant who was at least at Level 6 (Transforming) were the most likely to succeed in their complex change initiatives.

Leaders at Level 6 become able to take a systems view on reality, perceiving the interdependent, dynamic nature of systems. They learn to recognize and directly engage the core assumptions that underlie their own and other's thinking. Such leaders gain the capacity to operate from multiple perspectives simultaneously and manage conflicting frames and emotions concurrently. Individuals at Level 6 and beyond also report deep access to intuition that enables them to more easily solve problems through creative, non-linear thinking.

As a leader's mindset develops further, into Levels 7 and 8 (the Alchemical and

Assess Your Own Leadership Level

Use Appendix D to estimate your own leadership level and that of key team members. Where do you need to be to accomplish the vision and long-term objectives of your organization? To formally assess your leadership level – or your team's – contact barrettbrown@metaintegral.com. Appendix E describes practices to cultivate vertical learning.

Warren Buffett's Conscious Leadership Development

According to Edward Kelly's research Warren Buffett has developed through seven transformations of leadership during his business career.³⁰ The resulting development of his character directly influenced his success as a leader and investor. Over his career he shifted from using unilateral power where he ensured he got what he wanted to mutual power that ensured others got what they desired as well. He also shifted from acting unilaterally and dominating subordinates for short-term gains to investing in partnership over the long term. These are a few of the researched examples that document his transformations in leadership.



Level 1 (Opportunist):	Level 2 (Diplomat):	Level 3 (Expert):	Level 4 (Achiever):	Level 5 (Redefining):	Level 6 (Transforming):	Level 7 (Alchemical):
Teenage years of opportunistic business ventures, cajoling others, underperforming in school, stealing.	Early college years, socially awkward and emotionally immature. Attempts to fit in with others and build confidence by studying and practicing Dale Carnegie material.	Adopts Graham's value investment approach. Many years of strong, extensive use of logic, mathematical intelligence, and a rational temperament.	Amazing success with Buffett Partnership, generating average annual rate of return for investors of 24% over 13 years.	"Go it alone" period, exploring having a calmer life. Increasingly involved in community affairs. Integrates various relationships and interests to create Berkshire Hathaway.	Excels in a wide variety of businesses and investments, including a managerial role that saves Solomon in the 1990s.	Death of first wife, unwinding of fortune, donating most of it to the Gates Foundation. Succession plans, biography, increasingly open communication.

Ironical action logics) she becomes highly comfortable navigating complexity and paradox. She learns to transcend polarities and recognize the unity that underlies chaos. At these most mature stages that science can measure, longer and deeper periods of flow and even unitive consciousness arise. These leaders at times experience everything as a continuous, uninterrupted flow of perception not separate from themselves. This non-dual view becomes the basis for decision-making and engagement. Any personal stories or beliefs about the world tend to lose their

power, and leaders see the world in a raw way, unfiltered by mental models. This leads to a deep acceptance of oneself, others, and the moment, without the taint of judgment. This unitive perspective is highly liberating and enables leaders to adapt rapidly and catalyze transformative and radical change.³²

In sum, leaders who develop themselves into the later action logics (Levels 6–8) have access to enhanced and highly-tuned mental, emotional, and relational capacities that others don't. They not only see and feel situations and people

differently, but they see and feel *more* than other leaders. They sense more connections, nuances, perspectives, and possibilities. They are able to act with greater wisdom and deeper care than ever before, and this empowers them to be able to reliably generate organizational transformation. It also strengthens their ability to effectively respond to the complex, ambiguous, and sophisticated challenges of 21st century leadership.

For the first time in history we have access to the science of vertical learning which can accelerate our mental, emo-

tional, and relational development up to five times faster than normal. Conscious Capitalism is a powerful vehicle to create the future we want, but it will need our latent capacities of mind and heart in order to truly flourish. The next section describes the practices and approach of leaders who are already thriving in this way.

Conscious Leadership in Action

Integral to the Conscious Capitalism model (see next page) is conscious leadership. But what does the future of leadership for Conscious Capitalism look like in action? What does a leader with a highly-developed mindset and advanced capacities actually do? How do they lead transformational change in

The Bottom Line of Vertical Learning

With vertical development, leaders perform better across a host of mission-critical domains:³³

- Think strategically
- Think systemically
- Think contextually
- Decision-making
- Lead transformational change
- Inspire vision
- Build relationships
- Collaborate
- Create innovative solutions
- Tolerate ambiguity
- Resolve conflicts
- Develop themselves and others
- Facilitate learning
- Reframe challenges
- Seek out feedback

complex, rapidly changing, and uncertain environments? This section discusses the leadership of a select group of senior executives and managers who were assessed at some of the most complex mindsets that science can measure.³⁴ They all hold either a Transforming, Alchemical or Ironic action logic (Levels 6, 7, or 8). These leaders work in global corporations, international institutions, and small organizations. They engage in complex leadership challenges with sophisticated and powerful perspectives and practices.

Conscious leadership based in these mindsets consists of four key areas:

- *Deep connection:* These leaders have profound personal meaning about their work, and consistently make decisions based upon it.
- *Conscious & courageous action:* With deep trust in themselves, their team, and the process, these leaders dynamically steer, rapidly experiment, and shift leadership roles as needed.
- *Conscious vision & outlook:* These leaders draw upon both intuitive intelligence and sophisticated tools like integral theory and whole systems thinking to make sense of the world.
- *Self-transformation:* Through vertical and horizontal learning, stopping subtle self-sabotage, and supporting their stakeholders to develop, these leaders take the reins of their own evolution.

Deep Connection

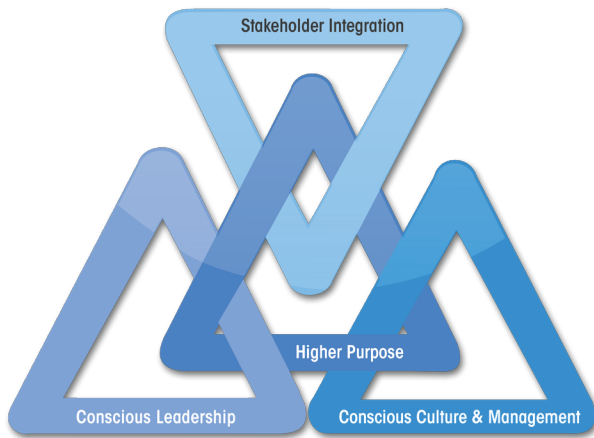
The highly-conscious leaders in this study thrive on deep connection. They draw upon a clear inner purpose for their

inspiration, focus, and strength. These leaders are profoundly connected to their mission in life, to humanity, and all of life. To them, work is an extension of their life's calling. Nearly all of these leaders have a spiritual practice, and for them their work is simply an expression of that practice. Work largely has a transpersonal meaning for these leaders: they are doing it for a cause far greater than themselves. Work is a way to deeply serve others, to help transform society, and to alleviate suffering.

Roger, for example, is a 39-year-old multinational executive, based in the UK, working for one of the largest food and beverage companies in the world (\$60B+ annual revenue, 250,000+ employees). He has a background in chemical engineering and geology, and is committed to educational system reform. Roger was assessed with a Transforming action logic (Level 6). The core purpose of his work is to bring humanity to the world of business, help others to appreciate the present, and enable them to see the integral role they have in each moment.

Roger is fundamentally committed to bringing greater consciousness to the workplace and each person he interacts with. When he designs strategy and new change initiatives, he grounds himself consistently in this life purpose. If what he is doing doesn't align with his purpose, then he adjusts and redesigns until it does. This enables him to stay deeply committed and on-task, even during highly-challenging, ambiguous, and rapidly changing situations.

Luz has an even deeper connection with her work. She is a 36-year-old executive, based in France, who founded an orga-



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nization that works across Latin America and Africa on transformational environmental and social change. Luz holds a profoundly different mindset than the vast majority of leaders. It results in a comprehensive and highly-nuanced approach to leading complex change. She was assessed with an Ironic action logic (Level 8): a highly-complex and extremely rare mindset. This mindset leads to her seeing the world, other people, and all situations as facets of a unified whole. Each passing moment is seen as a continuous flow of ever-changing experience. As a result, Luz doesn't think of herself as being in service to someone or something else. Rather, she is in service as consciousness itself, as that unified whole. Her leadership choices and actions are based upon her perception that there is no absolute boundary between herself, other people, and the world around her – they are all connected.

When Luz designs complex, transformational change initiatives, she first anchors herself in a state of “oneness” and uses that perspective and the information she gets from it to shape her work and guide decisions. When she considers her

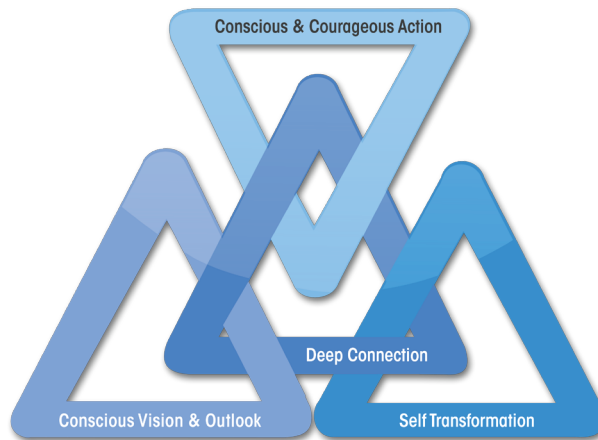
options, she first senses into what the next evolutionary step is for the people and organization involved, and then chooses a path that supports development in those areas. If the situation isn't supporting the evolution of the people and organizations she is working with, then she works to create the conditions so that it will. Due to this deep perspective, Luz is rarely constrained by her beliefs, mental model, and personal “stuff.” She's consistently capable of dropping all those “stories” and then paying very close attention to what is happening in

the moment with other people and in the environment. This consistent freedom from her mental model, inner critic, and other stories gives her a powerful capacity to rapidly and radically shift her opinion, actions, and even the design of a sophisticated project.

In sum, these conscious leaders ground themselves in transpersonal – even spiritual – meaning when they do their work. They design and engage in transformational change initiatives in their organizations from a place of deep connection with themselves, the people they work with, the broader world, and – for some – with consciousness itself. From this profound perspective, they then take action.

Conscious & Courageous Action

At the heart of conscious and courageous action for these leaders is *trust* and *comfort with ambiguity*. They are extremely open to not knowing, and generally comfortable with the uncertainties of designing transformational change initiatives. They profoundly trust themselves, their



CONSCIOUS LEADERSHIP

team, and the change process they've developed (with their team) to navigate any uncharted waters. This trust and even friendly relationship with uncertainty becomes the basis of their courage to take action. It helps them design and manage complex initiatives amidst unforeseen changes and influences, as they trust that they'll be able to pivot in time to not get beat up too badly. More than that, some even see uncertainty as an ally that helps them be increasingly creative, generative, and productive.

Edward is a 66-year-old senior executive based in the U.S. and working with an intergovernmental institution. He was as-

sured with a Transforming action logic (Level 6). Having worked in 40 countries over 40 years, he has engaged closely with leaders in dozens of cultures. At the time we talked he had recently led design and execution of a large-scale leadership development program that was rolled out in five countries to hundreds of business and community leaders. He has deep trust and ease with uncertainty.

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Edward believes that in the face of ambiguity, the group has the wisdom needed for any given situation, and the process to uncover it simply needs to be trusted. For him, the answer is always present in the room; people are pregnant with the

solutions, answers, wisdom, understanding and strategy they need to create the change they want. He designs transformational change initiatives based on the assumption that the people involved are the right people and they have sufficient power, knowledge, insight, and capacity to do the project. To Edward, leading change is all about trusting the process, not panicking, knowing that the future is present, and believing that this is the right time, place, and approach.

In today's constantly changing, volatile, and uncertain environments, this capacity to be comfortable during intense ambiguity – and trust yourself, your team,

process, and ability to change – is a significant leadership advantage. It allows leaders to not be distracted as much by concerns, which frees up bandwidth for the very creativity that is required to get to safe harbors amidst complex problems.

The second element of conscious and courageous action is that these leaders use *adaptive management* to dynamically steer complex change initiatives. This means that they consistently adapt the design or strategy as the context shifts. As part of this, they also take on different change leadership roles as appropriate.

First of all, these leaders face ever-shift-

ing contexts and they quickly adjust their projects accordingly. Whether they were building a global strategy for a multinational, rebuilding an NGO sector in West Africa, or guiding a large public-private partnership for urban renewal, these leaders paid close attention to emerging trends and weak signals in their environment and then rapidly pivoted. To do this, they launch lots of experiments and pilot projects and see what works and what doesn't, what sticks and what is rejected. They then alter their strategy based upon this information, and repeat the process. They aren't wedded to the "right way" of doing things, but committed to rapidly finding a "workable way" that gets them to their objectives. As a result, they frequently dynamically steer their organizations and strategic initiatives, adjusting as close to real-time as possible to the challenges and opportunities that show up.

A second element of adaptive design management is that these leaders adopt different change leadership roles as needed. Sometimes they assertively drive change. They identify important leverage points and then prod the system and stakeholders to change. One senior executive named Hans, who held a Transforming action logic, was leading a \$25M initiative to transform the supply chain of an entire agri-commodity sector. The original structure of the program included representation from the multinational giants who purchased all the supply, governments from the producing countries, and international NGOs who monitored the supply chain for unsustainable practices. The program was floundering so he shook up the whole system by breaking up the structure, negotiating

At the heart of conscious and courageous action is trust and comfort with ambiguity. In today's complex and uncertain business environment, this is a significant leadership advantage.

unilaterally with the multinationals to get them fully aligned, and then involved the NGOs and governments. While he ruffled a lot of feathers in the process for his assertive – at times insen-

ing, and by taking on different change leadership roles as needed, these leaders take conscious and courageous action. This is a powerful change leadership approach made easier by the advanced

– such as entire cities. She was assessed with an Alchemical action logic (Level 7). As part of her strategy and design process for transformational change, she engages with a “field of knowing” – her phrase for intuition. She claims a superior outcome from doing this, noting that the results are so much better than she could produce alone. Rather than designing a project all the way down to the smallest detail as she used to, Giselle first taps into this fertile field of intuitive insight for the broad brush strokes of the design, or key elements. Then, using that data, she builds out the rest of the design by thinking through it.

All of the leaders in this study use some form of intuitive process regularly. Some also use group exercises to help team members tap into intuition and cultivate collective intelligence. Across the board, they find this practice to be incredibly generative. Their general recommendation is to use intuition at the beginning of a design or strategy session to support the overarching direction. The other critical moment to use it is during a crisis or high-pressure decision point.

Yet intuition isn't the only thing that guides the conscious decision-making process of these leaders. They also use three powerful thinking tools to design their initiatives and guide execution. They are: (a) *Integral theory*,³⁵ (b) *Complexity theory*,³⁶ and (c) *Systems theory*.³⁷ These models help them to step back from the project, get up on to the balcony, and take a broad view of the whole situation. They use these tools to make sense of complex, rapidly changing situations and navigate through them securely.

These leaders complement leading-edge thinking tools with intuitive insight to make critical decisions.

sitive – moves, his efforts broke through the stalemate the program faced and launched it into a new era of progress.

Other times these leaders take a softer approach – more based on a complexity approach to leadership – and set up the conditions for a system or organization to healthily develop. By cultivating conditions for growth and change, they work more in tune with the natural, organic shifts and transformations of the organization. Examples of how to cultivate the right conditions include bringing together key stakeholders to create a joint vision, building a better economic model that everyone uses, or holding side negotiations to lessen tensions between Board members. This style of change leadership is like being a farmer: ensure that the ground is fertile for the seeds of change to take root; then allow nature to “do her part.” By creating the right conditions for change, these conscious leaders enable systems and organizations to develop on their own time, in their own way.

In sum, by having profound trust in self, team and process, by dynamically steer-

mental, emotional, and relational capacities of complex mindsets. Essential to navigating in the midst of rapid and uncertain change though is being able to quickly make sense of complex and even volatile environments. For that, these leaders use tools and resources that enable them to sense into a situation with highly attuned awareness and rapid, high-impact analysis.

Conscious Vision & Outlook

The highly conscious leaders in this study go beyond logical thinking to understand a situation, yet they also use powerful analytical tools to make sense of it. They frequently use their intuition to get fresh insights. While they do rationally think through things, they complement logic with intuition. They claim that by using intuition, their initiatives deliver better results, their strategies are easier to execute, and that the process itself becomes highly inspiring.

Giselle is a 62-year-old change consultant, with a Ph.D. in administration and management, based in Australia. She helps leaders to transform large systems

Integral theory is the most commonly used thinking tool by these leaders. They employ it to do deep scanning and assessment of situations, design programs, support their own and others' development, and tailor their communications to different mindsets. Edward, for example, noted that he and his colleagues built large-scale, multi-country development programs for the United Nations based upon the integral framework.

I have used these three theoretical frameworks to great effect as content for advanced leader development and vertical learning programs in the Netherlands, Brazil, and the US, and I see them increasingly used worldwide. They are essential tools for any leader dealing with complexity as they enable one to see hidden perspectives, make connections that were previously unnoticed, and better understand the processes of human and organizational change.

Self-Transformation

The final piece of the conscious leadership model is self-transformation. The highly-conscious leaders in this study regularly develop themselves *and* others. They contend that to succeed in a complex change initiative usually requires everyone – including themselves – to develop somehow. For example, they might identify how to stop sabotaging their own work, assign a teammate to go study a technical skill, or design a process that strengthens trust with a key stakeholder. They focus on three types of self-development: *Self-understanding*, such as contemplation; *understanding others*, such as studying stakeholder positions; and *understanding the context*, such as studying the financial system.

To help others to develop, these leaders often use perspective-taking practices, such as reframing a situation or bringing in a challenging guest speaker with a significantly different philosophy. By exposing people to new concepts, debating “sacred cow” truths, and even inviting people to drop their mental models, they create conditions for change.

Roger's case exemplifies this. At the time, he was developing a global strategy for a key initiative of the multinational he worked with. Roger went through extensive measures (involving almost 200 decision makers and influencers worldwide) to engage broad perspectives and educate about the strategic content and how to do large-scale design. He strove to get as many outside views into the heads of the decision makers as possible, exposing them to ideas they would never hear in the organization.

Roger eventually built a global strategy that had widespread acceptance across the organization; not easy given their 250,000+ employees. His advanced men-

tion and person in the initiative. By bringing in multiple and diverse perspectives to other leaders, he literally strengthened their perspective-taking ability, which is central to vertical learning. These different voices and visions also challenged those leaders to take a different approach that was more appropriate to the unique needs of all the stakeholders.

The leaders in this study also consistently focused on their own horizontal and vertical learning. They were regularly reading about their industry and taking courses to stay on top of trends. They also all had a suite of personal, vertical learning practices to cultivate their own awareness and expand their thinking. This included *meditation, journaling* and *coaching*. They used all three of these tools regularly to reflect, take a balcony view, challenge the stories they were telling themselves, and find as deep a perspective as possible.

The final piece of self-development work that these leaders engaged in was to work with the *psychological shadow*. In its simplest sense, our shadow consists

To succeed in a transformational change initiative usually requires development of the leader and key stakeholders. To achieve bigger objectives requires greater capacity – for everyone.

tal and relational capacities that come from holding a Transforming action logic were instrumental because he could take so many perspectives, easily see the big picture, and deeply relate to each posi-

of the aspects of ourselves that we've disowned, suppressed, or otherwise turned away from. When we don't pay attention to these hidden dimensions of ourselves, they can end up sabotaging our leader-

ship. For example, one leader had issues with his father growing up, and resisted authority as a result. Whenever his boss challenged him to step up his performance he would get triggered and angry. This anger at times inadvertently slipped out and he took his frustrations out on his colleagues or family. By turning inward and facing his own shadow issues, and developing his self-awareness, this leader was able to engage in similar situations with his boss and not be triggered into being upset.

Through journaling, psychotherapy if needed, and simply being willing to face our own ugly stories, bad memories, and judgments, it is possible to work through shadow issues. The conscious leaders in this study realized that shadow work was essential to their leadership so that they wouldn't unwittingly undercut their own success or alienate stakeholders.³⁸

When we don't pay attention to the shadow dimensions of ourselves, they sabotage our leadership.

Self-transforming, and supporting the development of all stakeholders, is a central tenant to conscious leadership. It creates a rhythm of continual learning, fresh perspectives, and new ideas, all of which support both horizontal and vertical development. These conscious leaders realize that their ability to learn quickly and adapt fast are needed to navigate the rough waters of leading organizational transformation.

The practices of self-transformation, be-

ing deeply connected, taking conscious and courageous action, and holding a conscious vision and outlook, are essential for achieving the promise and potential of Conscious Capitalism.

Conclusion

The new science of vertical learning is rapidly spreading because it significantly transforms *how* a leader thinks, feels, and engages in the world. The future of leadership for Conscious Capitalism will follow the trajectory of human development as we unlock powerful mental, emotional, social, and even physical capacities. Each mindset transformation brings forth latent wisdom and compassion needed to handle increasingly sophisticated organizational and societal challenges. Human transformation must go hand in hand with organizational and multi-stakeholder system transforma-

tion. As Conscious Capitalism grows, so too must consciousness.

For me, the question is not *if* millions of leaders will undergo significant shifts in their mindsets, but *when*. History shows that our life conditions will drive these adaptations, no matter what. However, more than ever before we have the unique opportunity to self-transform, to accelerate our own evolution. We can now guide the development of our worldview and bootstrap our minds and

hearts into greater insight, power, and love. How well we do this will influence how graceful our transition is through these stormy times. We have within us and around us everything required to create an unprecedented flourishing of humanity and Nature. Our charge is to take up the reins of our own mindset development, enable others to do so as well, and then bring our full selves to creating the future we want. What greater legacy could we leave for our children and generations to come?

7 Ways to Take Action

1. Formally assess your own leadership level. Contact barrettbrown@metaintegral.com for details. See Appendix C for more options.
2. Read Appendix D to understand each of the transformations of leadership you and your team members can develop through. Estimate your own next level.
3. Read Appendix E for practices to engage in now to accelerate your development.
4. Share this document. A digital version is available at: <http://tinyurl.com/consciousleadership>
5. Hire a qualified executive coach to help accelerate your development. See Appendix C for recommended organizations.
6. Join a leader development program focused on vertical learning. See Appendix C for options.
7. Engage a partner to build vertical development programs for your team and organization. See Appendix C for recommendations.



Resources

*"Treat a person as he appears to be, and you make him worse.
But treat him as if he already were what he potentially could be,
and you make him what he should be."*

Goethe



Appendix A: An Introduction to Conscious Capitalism®

Conscious Capitalism exists to elevate humanity.

Conscious Capitalism builds on the foundations of Capitalism—voluntary exchange, entrepreneurship, competition, freedom to trade and the rule of law.

These are essential to a healthy functioning economy, as are other elements of Conscious Capitalism including trust, compassion, collaboration and value creation.

“Capitalism is the most successful form of human social cooperation ever created.”

Ed Freeman, originator of the Stakeholder Management Theory, trustee, Conscious Capitalism, Inc.

“Conscious Capitalism is a more complex form of Capitalism, that reflects and leverages the interdependent nature of life and all of the stakeholders in a business.”

John Mackey, co-founder & co-CEO, Whole Foods Market, trustee, Conscious Capitalism, Inc.

“Practicing Conscious Capitalism enriches your life and the lives of people you do business with. And it’s without a doubt, the most fun, enduring and profitable way to build a sustainable business.”

Kip Tindell, Chairman & CEO, The Container Store, trustee, Conscious Capitalism, Inc.

Conscious Capitalism, Inc. is a non-profit organization dedicated to cultivating the theory and practice of Conscious Capitalism through events, presentations, publications and social media. We also support an emerging network of Conscious Capitalism Chapters, which serve as communities of inquiry for business leaders, entrepreneurs, coaches and consultants and others.



www.consciouscapitalism.org

Conscious Capitalism comes to life as it is applied to business. Conscious Capitalism has four pillars guiding and underlying a business that practices Conscious Capitalism.



Higher Purpose: Recognizing that every business has a purpose that includes, but is more than, making money. By focusing on its Higher Purpose, a business inspires, engages and energizes its stakeholders.

Stakeholder Orientation: Recognizing that the interdependent nature of life and the human foundations of business, a business needs to create value with and for its various stakeholders (customers, employees, vendors, investors, communities, etc.). Like the life forms in an ecosystem, healthy stakeholders lead to a healthy business system.

Conscious Leadership: Human social organizations are created and guided by leaders – people who see a path and inspire others to travel along the path. Conscious Leaders understand and embrace the Higher Purpose of business and focus on creating value for and harmonizing the interests of the business stakeholders. They recognize the integral role of culture and purposefully cultivate Conscious Culture.

Conscious Culture: This is the ethos – the values, principles, practices – underlying the social fabric of a business, which permeates the atmosphere of a business and connects the stakeholders to each other and to the purpose, people and processes that comprise the company.

Appendix B: The Case for Vertical Learning

Vertical learning is the transformation of how a leader thinks, feels, and makes sense of the world. It includes development of both mental complexity and emotional intelligence. Harvard's Robert Kegan calls it a quantum shift in mental complexity, a transformation of the underlying operating system itself. Vertical learning broadens our view and permanently heightens our awareness, making us both wiser and more caring. Leaders with greater vertical development are perceived as more effective and more capable of addressing complex challenges.^{12, 24, 25, 26}

The Context

- The great majority of CEOs expect that business complexity is going to increase, and more than half doubt their ability to manage it.¹
- Most leaders are in over their heads. Their mindset (cognitive comity) is not as complex as the demands of their job.^{2, 40}

Executive mindset failure is one of the biggest drivers for why executives fail.³

- Only 5% of leaders in the West operate with the mental and emotional capacity needed to manage complex, systemic change and reliably generate organizational transformation.⁶

The Impact of Vertical Learning

- Vertical learning transforms how people think and behave, not just what they know. It literally alters brain functioning and recreates a leader's worldview.^{2, 26}
- Studies of CEOs of industry-leading public companies, mid-market executives, military cadets, and consultants all show that vertical learning creates a new operating system – a more complex mindset – that makes leaders considerably more effective than their counterparts.²⁴
- Leaders with mature vertical development not only see and feel situations and people differently, but they see and feel more than other leaders.¹⁴

- With vertical development, leaders perform better across a host of mission-critical domains:
 - Inspiring vision and leading transformational change
 - Strategic, systemic, and contextual thinking
 - Building relationships, collaborating, and resolving conflicts
 - Decision-making, reframing challenges, and creating innovative solutions
 - Developing themselves and others
 - Tolerating ambiguity and navigating complexity.^{32, 33}

Origin and Current Usage of Vertical Learning

- Developed at Harvard, Stanford, Cambridge and other leading institutions, based upon 100+ years of research in constructive-developmental psychology.
- Used in elite leader development programs in the US military and intelligence communities, with Olympic and extreme athletes, and within progressive companies, governments and non-profits.
- Considered the #1 future trend in leader development.¹⁶
- Occurs naturally, yet can be accelerated by 3x-5x under the right conditions.¹³



Appendix C: Resources to Take Action

Top 10 Recommended Articles and Books

1. Rooke, D. & Torbert, W.R. (2005) Seven transformations of leadership, Harvard Business Review.
2. Joiner, B. & Josephs, S. (2007) Leadership agility: Five levels of mastery for anticipating and initiating change.
3. Torbert, W.R., Cook-Greuter, S.R., et al. (2004) Action inquiry: The secret of timely and transformational leadership.
4. Hames, R.D. (2007) The five literacies of global leadership: What authentic leaders know and you need to find out.
5. Wilber, K., Patten, T., Leonard, A., Morelli, M. (2008) Integral life practice: A 21st century blueprint for physical health, emotional balance, mental clarity and spiritual awakening.
6. Berger, J.G. (2012) Changing on the job: Developing leaders for a complex world.
7. Kegan, R. & Lahey, L.L. (2009) Immunity to change: How to overcome it and unlock potential in yourself and your organization.
8. Dweck, C. (2012) Mindset: How you can fulfill your potential.
9. Kegan, R., Lahey, L.L., et al. (2014) Making business personal, Harvard Business Review.
10. Brown, B.C. (2012) Leading complex change with post-conventional consciousness. Journal of Organizational Change Management

Leader Development & Executive Coaching Programs that Cultivate Vertical Learning

These select organizations are experienced in the design and delivery of leader development programs and executive coaching that deliver powerful business results and vertical development.

- Bill Torbert & Associates (www.williamrtorbert.com)
- Center for Creative Leadership (www.ccl.org)
- Center for Leadership Maturity (www.centerforleadershipmaturity.com)
- Clear Impact Consulting Group (www.clear-impact.com)
- Cook-Greuter & Associates (www.cook-greuter.com)
- Core Integral (www.coreintegral.com)
- Cultivating Leadership (www.garveyberger.com)
- Dynamic Results (www.dynamicresults.com)
- Future Considerations (www.futureconsiderations.com)
- Harthill (www.harthill.co.uk)
- Hawthorne (www.hawthorneconsultants.com)
- MetalIntegral Associates and MetalIntegral Academy (www.metaintegral.com)*
- Minds at Work (www.mindsatwork.com)
- Pacific Integral (www.pacificintegral.com)
- Stagen (www.stagen.com)
- Way to Grow (www.waytogrowinc.com)

Leadership Level Assessment: For Individuals, Teams, and Organizations

Assess your own or your team's leadership level with one of these vertical development assessments. MetalIntegral Associates (www.metaintegral.com) offers access to any of these assessments as well as comparative advice about them.*

- The Global Leadership Profile from Bill Torbert & Associates (www.williamrtorbert.com)
- The Leadership Decision-Making Assessment from Lectica (www.lectica.org)
- The Leadership Development Profile from Harthill Consulting (www.harthill.co.uk)
- The Leadership Maturity Assessment from Cook-Greuter & Associates (www.cook-greuter.com) and Center for Leadership Maturity (www.centerforleadershipmaturity.com)
- The Subject-Object Interview from Minds at Work (www.mindsatwork.com).

* For more information, contact Barrett C. Brown at barrettbrown@metaintegral.com.

Appendix D: Transformations of Leadership Mindset for Conscious Capitalism

Level or Action Logic*	Implications for Leading Conscious Capitalism Initiatives	Strengths & Limitations
<p>Level 8: The Ironic leader focuses on being as well as on witnessing the moment-to-moment flux of experience, states of mind, and arising of consciousness. <i>Time horizon:</i> Eternity; beyond time <i>Span of care:</i> Kosmos-centric (all of existence) 0.5% of U.S. adults</p>	<p>Comprehends things in a holistic way, effortlessly seeing the whole and the variables that make it up. Institutionalizes developmental processes through “liberating disciplines”: structures that simultaneously make sense to different action logics and invite developmental transformation. Cultivates awareness and action that highlights the dynamic tensions of the whole organization and/or stakeholder system so that people see how significant those tensions are and are challenged to higher performance and further development. Holds a cosmic or universal perspective; deeply visionary. <i>Source of power:</i> Unitive worldview, transcendent awareness. <i>How influences others:</i> Not fully known, under research.</p>	<p><i>Strengths:</i> Very comfortable with uncertainty; feels at home in constant flux and change. Deeply cares about humanity and works for justice, fairness, and benevolence towards all. Creates the conditions for deep development of individuals and collectives. Effortlessly holds multiple perspectives. Profound acceptance of self, others, and the situation <i>as is</i>, which allows for a more direct, powerful engagement when action is needed. <i>Limitations:</i> Can be (inaccurately) seen as aloof and insufficiently engaged with the concerns of a common humanity. Extreme rarity of Ironic leaders.</p>
<p>Level 7: The Alchemical leader focuses on: the interplay of awareness, thought, action, and effects; transforming self and others. <i>Time horizon:</i> Multi-generational; global historical <i>Span of care:</i> Kosmos-centric (all of existence) 1% of U.S. adults</p>	<p>Capable of generating society-wide transformation. Integrates the polarities of immediate/long-term, material/spiritual, and personal/societal transformation. Engages in continual inquiry and listening amidst action. Re-centers the organization’s mission and vocation with regard to social and environmental responsibilities. Has an activist managerial commitment. Gets involved in various organizations and events promoting harmonious societal development. Supports global humanitarian causes. <i>Source of power:</i> Shamanistic (through presence). Mutually transforming power that creates transformational opportunities for self and others. <i>How influences others:</i> Reframes, turns issues inside-out and upside-down. Lightheartedly holds a mirror up to others, the organization, society, as if clowning, yet inviting transformation. Often works behind the scenes.</p>	<p><i>Strengths:</i> Good at leading society-wide transformations. Actively gets involved in the comprehensive transformation of the organization and society. Has a concern for authenticity, truth and transparency. Holds a complex and integrated vision. <i>Limitations:</i> Risks scattering managerial and organizational efforts, to the benefit of the common good. May lose touch with the primary vocation of the organization. Extreme rarity of Alchemical leaders in the general population.</p>
<p>Level 6: The Transforming leader focuses on: linking theory and principles with practice; dynamic systems interactions; and self-development and self-actualization <i>Time horizon:</i> Own history or lifetime. <i>Span of care:</i> Planet-centric (all life). 4% of U.S. adults</p>	<p>Generates organizational and personal transformations. Exercises the power of mutual inquiry, vigilance, and vulnerability for both the short and long term. Inclined to propose a pro-Conscious Capitalism vision and culture for the organization. Committed to in-depth transformation of organizational habits and values. Develops a more proactive approach that anticipates long term trends. Has a significant interest in global sustainability issues. Works to effectively integrate economic, social and environmental aspects. <i>Source of power:</i> Integrative; consciously transformative. Mutual inquiry, vigilance, vulnerability, and trust-building. Power directed outwards in order to optimize interactions between people and systems. <i>How influences others:</i> Leads in reframing and reinterpreting situations so that decisions support the overall principle, strategy, and integrity.</p>	<p><i>Strengths:</i> Effective as an organizationally-transforming leader. Cultivates changes in values and practices. First action logic able to do true integration of the principles of Conscious Capitalism. Harmonizes the organization with social expectations. Holds a long-term (multi-decade) perspective. <i>Limitations:</i> Approach that may seem difficult to grasp and impractical. May disconnect from the pressures to produce short-term profits. General scarcity of Transforming leaders in the population.</p>

Level or Action Logic*	Implications for Leading Conscious Capitalism Initiatives	Strengths & Limitations
<p>Level 5: The Redefining leader focuses on himself or herself in relationship to and in interaction with the system. <i>Time horizon:</i> 1-10+ years <i>Span of care:</i> Early planet-centric (all life) 10% of U.S. adults</p>	<p>Interweaves competing personal and corporate meaning-making systems. Creates unique structures to resolve gaps between strategy and performance. Inclined to develop original and creative solutions for Conscious Capitalism. Questions preconceived notions. Develops a participative approach requiring greater employee involvement and encourages public reflection. Holds a more systemic and broader vision of issues. <i>Source of power:</i> Visionary; confronting; deconstructs other's frames or world views. <i>How influences others:</i> Adapts (ignores) rules when needed, or invents new ones. Discusses issues and airs differences.</p>	<p><i>Strengths:</i> Effective in venture and consulting roles. Actively considers the ideas and suggestions of diverse stakeholders. Has a personal commitment as a manager/leader. Takes a more complex, systemic and integrated approach than previous action logics. <i>Limitations:</i> Engages in discussions that may sometimes seem long and unproductive. Holds an idealism that may lack pragmatism. May uselessly question issues. Has potential to be in conflict with Experts and Achievers.</p>
<p>Level 4: The Achiever leader focuses on delivery of results, goals, effectiveness, and success within the system. <i>Time horizon:</i> 1-5 years <i>Span of care:</i> World-centric (all humans) 30% of U.S. adults</p>	<p>Meets strategic goals and improves performance. Effectively achieves objectives through teams; juggles time/people/market demands. Integrates Conscious Capitalism issues into organizational objectives and procedures; develops Conscious Capitalism committees integrating different services; responds to market concerns with respect to Conscious Capitalism issues. <i>Source of power:</i> Coordinating (coordinating the sources of power of previous action logics). <i>How influences others:</i> Provides logical arguments, data, and experience. Makes task/goal-oriented contractual agreements.</p>	<p><i>Strengths:</i> Well suited to managerial roles. Pragmatic, action and goal oriented. Efficiently implements management systems related to Conscious Capitalism and follows-up on performance. Involves employees more than previous action logics. <i>Limitations:</i> Has difficulty questioning management systems already in place. Uses conventional goals and measurements for implementing Conscious Capitalism. Doesn't tend to bring a critical eye to how things are conventionally done.</p>
<p>Level 3: The Expert leader focuses on expertise, procedure, and efficiency. <i>Time horizon:</i> Months <i>Span of care:</i> Early world-centric (all humans) 38% of U.S. adults</p>	<p>Rules by reason, logic and expertise; seeks rational efficiency. Considers Conscious Capitalism issues from a technical, specialized perspective. Seeks scientific certitude and the "right way" before acting; prefers proven technical approaches. <i>Source of power:</i> Logistical; e.g. knowledge-based or authoritative power. <i>How influences others:</i> Gives personal attention to detail and seeks perfection. Argues own position and dismisses others' concerns.</p>	<p><i>Strengths:</i> Often good as an individual contributor. Strong at development of Conscious Capitalism knowledge within the organization and implementation of related technologies. <i>Limitations:</i> Limited vision and lack of integration of Conscious Capitalism issues; denies certain problems; has difficulty with collaboration.</p>
<p>Level 2: The Diplomat leader focuses on socially-expected behavior and approval. <i>Time horizon:</i> Past and today. <i>Span of care:</i> Ethno-centric (social group) 12% of U.S. adults</p>	<p>Avoids overt conflict. Wants to belong; obeys group norms; rarely rocks the boat. Supports Conscious Capitalism discussions due to concern for appearances or to follow a trend in established social conventions; concerned with soothing tensions related to Conscious Capitalism issues within the organization and in relations with stakeholders. <i>Source of power:</i> Diplomatic, e.g., persuasive power, peer power. <i>How influences others:</i> Enforces existing social norms, encourages, cajoles, and requires conformity with protocol to get others to follow.</p>	<p><i>Strengths:</i> Often good as supportive glue within an office; helps bring people together. Reactive attitude with respect to Conscious Capitalism pressures. Considers regulatory constraints and the impact on the organizational image. <i>Limitations:</i> Superficial conformity to external pressures; low capacity to reappraise how things are done; statements often contradict actions.</p>

* The evolving mindsets that represent stages of vertical learning are called "action logics" (Torbert, et al., 2004; Rooke & Torbert, 2005). Each action logic represents a general stage of cognitive, interpersonal, and intrapersonal (including emotional) development (Cook-Greuter, 1999). The direction of development for action logics goes from the Opportunist (not shown here, but it comes before the Diplomat) to the Ironist (and potentially beyond). Sample size for US population percentages: n = 4,510. Table compiled from these sources, with permissions: Boiral, Olivier, Cayer, Mario, & Baron, Charles M. (2009); Cook-Greuter, S. R. (1999); Cook-Greuter, S. R. (2004); Ingersoll, E. R., & Cook-Greuter, S. R. (2007); O'Fallon, T. (2012); Rooke, D., & Torbert, W. R. (2005); Torbert, W. R. (1987); Torbert, W. R. & Kelly, E. J., (2013).

Appendix E: How to Cultivate Highly Conscious Leadership

If we know that vertical learning leads to greater leadership effectiveness, then how do we do it? The following is a summary of the existing research in this area, much of which has been conducted at the Harvard School of Education. It is important to note that this field of research is still young, and more research is required until we understand the mechanisms of internal development better. Nonetheless, here are the recommendations of researchers and senior practitioners. The first seven practices have empirical studies behind them; the subsequent seven are theorized to have impact on vertical learning; they have yet to be empirically proven.³⁹

1. Consistently immerse yourself in complex environments (interpersonal, work, educational)
2. Consciously engage in life's problems (e.g., inquiry, deep dialogue)
3. Become increasingly aware of and consistently explore your inner states
4. Consistently engage in (over a long period) practices that enhance inner awareness (i.e., meditation)
5. Hold a strong desire and commitment to grow
6. Be open and willing to construct a new frame of reference when difficulties arise
7. Cultivate a personality which is open and agreeable (interpersonally warm)
8. Immerse yourself in peak experiences and altered states
9. Use a map of psychological development to better understand the

trajectory of your growth (e.g. integral theory; take an assessment to identify your current action logic)

10. Consistently engage in dialogue and interaction with others committed to self-development
11. Regularly self-reflect in a structured way (e.g., using the specific technique of action inquiry)
12. Engage in a transformative practice in which you develop your body, mind, and spirit, and work to clean up psychological shadow issues
13. Engage in cross-cultural experiences
14. Cultivate a liberal personality that seeks novelty, is experimental, questions the status quo, and explores the unconventional.

Typically it takes five years for an individual to develop to the next action logic, or stage of meaning-making. This varies though, depending upon the person, their life conditions, and the degree to which they take the reins of their own development.⁴⁰ Some people become arrested at a given developmental stage for decades, others have reportedly experienced rapid development, shifting stages in as little as one or two years.⁴¹ This process is not a linear one, but involves many advances and retreats in development along the way.

The above list will hopefully empower you with initial insights to self-author your own vertical learning. I also highly recommend that you work with a qualified coach, consultant, psychotherapist, and/or meditation teacher to help you make these transforma-

tions. There are a few elite open-enrollment leader development programs that focus on cultivating optimal adult development and enabling people to make significant vertical shifts.⁴² Some consultants can also build and execute a vertical leader development programs for your organization, supporting large-scale transformation programs for all senior leaders, or smaller team-focused initiatives.⁴³

It is important when choosing a coach or consultant that not only have they done vertical development work before, but they should also hold an action logic that is at least one developmental stage more complex than yours. This enables them to challenge you into deeper and more nuanced perspectives than you typically hold yourself. Vertical learning and human transformation take time, yet the rewards and payoff far outweigh the investment of resources and energy in it.

About MetalIntegral Associates



META INTEGRAL[®]
ASSOCIATES

Meet Complexity with Consciousness

MetalIntegral Associates helps organizations meet complexity with consciousness.

We specialize in complex organizational development issues, conscious change leadership, deep mindset shifts for leaders, and cross-sector coordination for large-scale change.

We deliver proven, measurable, and high-impact human and organizational transformation.

About the Author



For 20+ years, Barrett C. Brown has helped individuals and organizations to navigate complex change and unlock deep capacities. He is often asked to speak about leadership, and has presented worldwide, including to hundreds of CEOs and government

ministers. Barrett has been on the leadership team or advisory board of 16 companies, NGOs, and foundations, working in consumer goods, manufacturing, finance, energy, health care, media, and international development. He has lived in the USA, the Netherlands, Brazil, and Ecuador, worked in 12 countries, and traveled extensively.

Barrett has co-designed and co-led dozens of leader development programs for nearly 4000 executives from organizations such as Unilever, Nestlé, Mars, Cargill, ADM, Dutch Government, City of New York, Banco Itaú, Natura, and Sara Lee. These range from master classes and innovation labs to corporate

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universities and multi-year executive education programs. His executive coaching is based on his own award-winning research on the future of leadership and how to lead transformational change.

Barrett has also co-designed and co-led visioning, strategic alignment, culture development, and change processes for US and European companies and institutions. He specializes in complex change initiatives that involve multi-stakeholder alignment or corporate social responsibility. Recently, he co-led design of the Creating Shared Value (CSV) strategies for multiple divisions of a Fortune Global 100 company.

In the international arena, Barrett is on the selection committee of the Katerva Awards, considered the Nobel Prize for sustainability. He holds consultancy status to the United Nations via *Kosmos Journal*, and has delivered leadership briefings at UNDP headquarters, the US Department of State, and the Inter-American Development Bank. Barrett holds a Ph.D. and M.A. in Human and Organizational Systems from Fielding Graduate University, and a B.A. in English Literature from the University of California at Santa Cruz. Barrett lives in the San Francisco area with his wife and daughter. He can be reached at barrettbrown@metaintegral.com.

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“If your life’s work can be accomplished in your lifetime, you’re not thinking big enough.”

– Wes Jackson, MacArthur Fellow

Endnotes

¹ See IBM, (2010) *Capitalizing on complexity: Insights from the global chief executive officer study*. Available at <http://public.dhe.ibm.com/common/ssi/ecm/en/gbe03297usen/GBE03297USEN.PDF>

² Dawson, T. L., & Stein, Z. (2004).

³ Finkelstein, S. (2004).

⁴ Goleman, D. (2011).

⁵ Ray Kurzweil, for example, points out that there will be 1000x more technological change in the 21st century than there was in the 20th century (Kurzweil, 2013).

⁶ Percentages refer to large-scale studies (n=4,510) on the US population. Similar percentages have been found in studies of leaders and managers in the US and UK. Cook-Greuter, S. R. (1999); Cook-Greuter, S. R. (2004); Kegan, R. (1994); Rooke, D., & Torbert, W. R. (2005); Torbert, W. R. (2013).

⁷ Watkins, M. (2003).

⁸ Corporate Executive Board (2005).

⁹ PWC (2012).

¹⁰ Zenger & Folkman (2009).

¹¹ Hunter, J. E., Schmidt, F. L., & Judiesch, M. K. (1990).

¹² For a short overview of vertical learning, which has been cited as the #1 future trend in leader development, see Petrie, N. (2011).

¹³ Based upon in-house research done by MetalIntegral Associates and Pacific Integral in open enrollment leadership programs, a corporate leader development program with a health care executive team, and a graduate studies program at JFK University. Typically, it takes 5 years for a leader to shift a full action logic, or developmental stage, if they shift at all. Leaders in these programs shifted as much as an entire stage or two in vertical learning programs lasting 1-2 years.

¹⁴ Kegan, R. (1994); Rooke, D., & Torbert, W. R. (1998); Torbert, W. R., Cook-Greuter, S. R., Fisher, D., Foldy, E., Gauthier, A., Keeley, J., et al. (2004); Strang, S., & Kuhnert, K. W. (2009); McCauley, C. D., Drath, W. H., Palus, C. J., O'Connor, P. M. G., & Baker, B. A. (2006).

¹⁵ The direction of development for action logics goes from the Opportunist to the Ironist (and potentially beyond). Sample size for U.S. population percentages: n = 4,510. Table compiled from these sources, with permissions: Cook-Greuter, S. R. (1999); Cook-Greuter, S. R. (2004); Ingersoll, E. R., & Cook-Greuter, S. R. (2007); Rooke, D., & Torbert, W. R. (2005); Torbert, W. R. (1987); Torbert, W. R. & Kelly, E. J., (2013).

¹⁶ Petrie, N. (2011).

¹⁷ See: Rooke, D., & Torbert, W. R. (2005); Berger, Jennifer Garvey. (2012); Dweck, Carol S. (2012); Gardner, Howard. (2007); Martin, Roger L. (2007); Joiner, B., & Josephs, S. (2007); Torbert, W. R., &

Associates. (2004); Kegan, Robert. (1994).

¹⁸ Cook-Greuter, S. R. (1999); Loevinger, J., & Wessler, R. (1970); Rooke, D., & Torbert, W. R. (2005).

¹⁹ Rooke, D., & Torbert, W. R. (2005). This article was chosen as one of the top 10 HBR leadership articles ever, and included in the book *HBR's must reads on leadership* (2012).

²⁰ Cook-Greuter, S. R. (1999); Loevinger, J., & Wessler, R. (1970); Rooke, D., & Torbert, W. R. (2005). Percentages are based upon large-scale studies (n=4,510) of the US population. Similar percentages have been found in studies of leaders and managers in the US and UK.

²¹ Cook-Greuter, S. R. (1999); Rooke, D., & Torbert, W. R. (2005); Torbert, W. R., & Associates. (2004). Assessment of the 5th action logic (the Redefining leader) as the fastest growing group is from Torbert & Associates' Global Leadership Profile report. The alignment of this action logic with Collins' (2001) Level 5 leaders is an approximation by Rand Stagen and Barrett C. Brown based upon significant experience working with hundreds of leaders, as well as considerable study of constructive-developmental psychology.

²² Torbert, W. R. (2013)

²³ For a formal assessment of your action logic or someone else's (with their permission), including an extensive report and customized recommendations for leadership development, contact the author: barrettbrown@metaintegral.com. Assessments can also be obtained via: the Global Leadership Profile by Bill Torbert & Associates (www.williamrtorbert.com); the Leadership Maturity Assessment from Cook-Greuter & Associates (www.cook-greuter.com); and the Leadership Development Profile from Harthill Consulting (www.harthill.co.uk). Another highly-recommended assessment, which measures the mental complexity of leaders across seven dimensions, is the Leadership Decision-Making Assessment (LDMA) by Lectica (www.lectica.org), also available via the author. All of these assessments are based upon developmental psychology research originally conducted, advanced, or at least validated at Harvard.

²⁴ Benay, Phyllis. (1997); Bushe, G. R., & Gibbs, B. W. (1990); Eigel, K. M. (1998); Eigel, K. M., & Kuhnert, K. W. (2005); Kegan, R., & Lahey, L. (2010); Lewis, P., Forsythe, G. B., Sweeney, P., Bartone, P., Bullis, C., & Snook, S. (2005).

²⁵ Kegan, R., & Lahey, L. (2010). A number of leadership researchers have theorized about the *competencies* required to lead complex change. The qualities they contend we need include: the ability to understand the perspectives of and work with a broad range of stakeholders; think in systems; engage in emergent organizing; demonstrate emotional awareness; continu-

ously connect with others to sense and make sense of complex realities; adapt as fast as change itself; amplify wisdom through profound reflection and dialogue; engage in transformational interactions; and balance global and local perspectives (Kakabadse, Kakabadse & Lee-Davies, 2009; Hind, Wilson & Lenssen, 2009; Wilson, Lenssen & Hind, 2006; Boiral, Cayer & Baron, 2009). Interestingly, if you look at the research on the *capacities* that emerges at later stages of cognitive, emotional, and interpersonal development, many of them correspond to the same competencies the leadership researchers call for (Brown, 2012a, 2012b). That is, the capacities we need to address our toughest global challenges already lie within us, waiting to be developed.

²⁶ Kegan, R., & Lahey, L. (2010).

²⁷ Kegan, R. (1994); Loevinger, J. (1976); Manners, J., & Durkin, K. (2001).

²⁸ Kegan, R. (1994); Rooke, D., & Torbert, W. R. (1998); Torbert, W. R., Cook-Greuter, S. R., Fisher, D., Foldy, E., Gauthier, A., Keeley, J., et al. (2004); Strang, S., & Kuhnert, K. W. (2009); McCauley, C. D., Drath, W. H., Palus, C. J., O'Connor, P. M. G., & Baker, B. A. (2006).

²⁹ Joiner, B., & Josephs, S. (2007).

³⁰ Kelly, E. J. (2011). Kelly, E. J. & Torbert, W. (2013).

³¹ Torbert, W. R. (2013).

³² Nicolaidis, A. (2008); Cook-Greuter, S. R. (1999); Cook-Greuter, S. R. (2000); Cook-Greuter, S. (2005); Joiner, B., & Josephs, S. (2007).

³³ Baron, Charles M., & Cayer, Mario. (2011); Eigel, K. M. (1998); Eigel, K. M., & Kuhnert, K. W. (2005); Fisher, D., Merron, K., & Torbert, W. R. (1987); Fisher, D., & Torbert, W. R. (1991); Harris, L. S., & Kuhnert, K. W. (2006); Harris, L. S., & Kuhnert, K. W. (2008); Joiner, B., & Josephs, S. (2007); Kegan, R., & Lahey, L. (2010); Kuhnert, K. W., & Lewis, P. (1987); Lewis, P., Forsythe, G. B., Sweeney, P., Bartone, P., Bullis, C., & Snook, S. (2005); McCauley, C. D., Drath, W. H., Palus, C. J., O'Connor, P. M. G., & Baker, B. A. (2006); Rooke, D., & Torbert, W. R. (1998); Strang, S., & Kuhnert, K. W. (2009); Torbert, W. R., & Associates. (2004); Torbert, W. R. (2013).

³⁴ Brown, B. C. (2012a, 2012b). I interviewed 33 leaders from North and South America, Europe, and Oceania. They came from multinational corporations, the United Nations systems, NGOs, and consultancies. All had worked on complex change initiatives involving multiple stakeholder interests for at least three years and engaged in initiatives that impacted 1000+ people. They ranged from 33 to 66 years old, with 39% women and 61% men. Each took a developmental psychology test to assess their action logic. Thirteen were assessed with the three most complex action logics that science can measure: Transforming, Alchemical, and Ironic. I studied how those outlier leaders design and engage in complex change initiatives.

For the full findings, see Brown, B. C. (2012a, 2012b) or contact the author at barrettbrown@metaintegral.com.

³⁵ Good introductions to integral theory include: Wilber, K. (2000a, 2000b) and Torbert, et al. (2004).

³⁶ A good introduction to complexity theory for leadership is Goldstein, J. A., et al. (2010).

³⁷ A good introduction to systems theory is Meadows, D. H. (2008).

³⁸ Good introductory books on the shadow include: Abrams, J. & Zweig, C. (1991) and the chapter on the shadow in Wilber, K. et al. (2008).

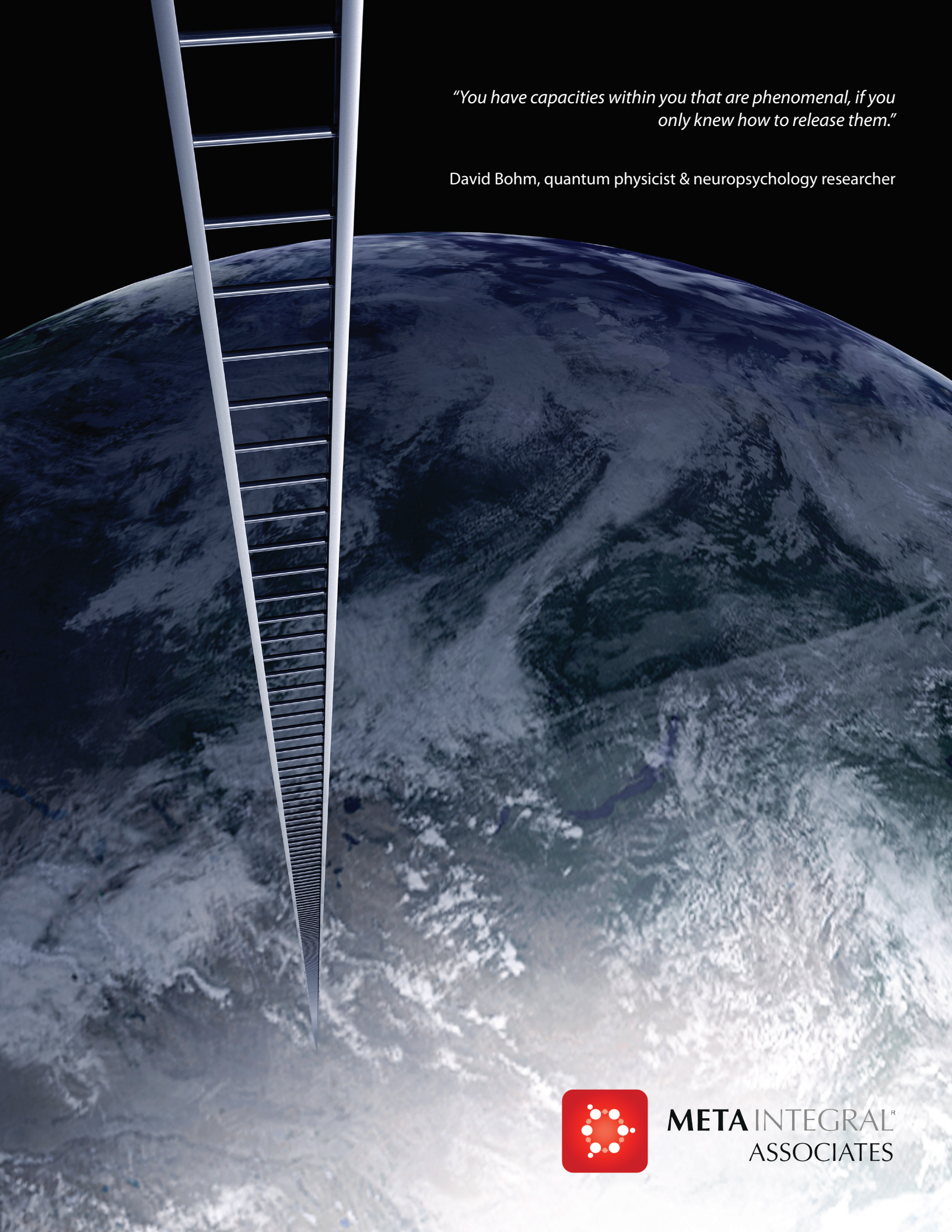
³⁹ Baron, C. M., & Cayer, M. (2011); Cook-Greuter, S. R., & Soulen, J. (2007); Pfaffenberger, A. (2006); Pfaffenberger, A., Marko, P., & Combs, A. (2011).

⁴⁰ Kegan, R. (1994)

⁴¹ O'Fallon, T. (2012)

⁴² See the leader development programs offered by Meta-Integral Academy (academy.metaintegral.org) – contact the author at barrettbrown@metaintegral.com; Pacific Integral (pacificintegral.com); Core Integral (coreintegral.com); Cook-Greuter & Associates (cook-greuter.com); Bill Torbert & Associates (williamrtorbert.com); Next Step Integral (nextstepintegral.org); Stagen (stagen.com); Integral Institute (integralinstitute.org); Minds at Work (mindsatwork.com); InterDevelopmental Institute (interdevelopmentals.org); and Harthill (harthill.co.uk).

⁴³ Recommended consulting groups with considerable experience in vertical development leadership programs and organizational transformation include: MetaIntegral Associates (metaintegral.com) – contact the author at barrettbrown@metaintegral.com; Dynamic Results (dynamicresults.com); Bill Torbert & Associates (williamrtorbert.com); Cook-Greuter & Associates (cook-greuter.com); Pacific Integral (pacificintegral.com); Stagen (stagen.com); Cultivating Leadership (garveyberger.com); Future Considerations (futureconsiderations.com); Hawthorne (hawthorneconsultants.com); Clear Impact Consulting Group (clear-impact.com); and Harthill (harthill.co.uk).



*"You have capacities within you that are phenomenal, if you
only knew how to release them."*

David Bohm, quantum physicist & neuropsychology researcher



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