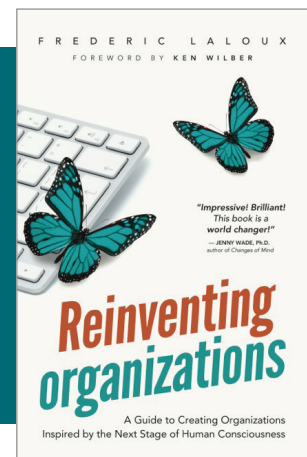


# The Emergence of a New Organizational Model

An interview with the author of *Reinventing Organizations*  
by Frederic Laloux, Mobius Executive Coach



**Reprinted from the Mobius Strip archives to inform the panel discussion at this year's NPI program: New Work and Evolving Organizational Forms. Five years on, Laloux's work continues to inspire us to re-imagine collective human enterprise. On the pages after this reprinted interview, Joana Breidenbach and Bettina Rollow share their work applying his model in New Work.**

## **Q** In a few sentences, can you give us the gist of *Reinventing Organizations*?

Many of us sense that a new form of consciousness is emerging in the world. A great number of books have been written about leadership from that higher ground. I've been interested not so much in the individual leadership component, but in the organizational aspect. Anthropologists, psychologists, and philosophers agree that humanity has gone through a number of shifts of consciousness in the past. Gebser, Piaget, Kegan, Maslow, Graves, and Wilber all agree about the four or five major shifts that have happened. Here is an interesting phenomenon that has been mostly overlooked: every time humanity has shifted to a new stage of consciousness, it has also invented a radically new (and radically more powerful) manner to collaborate, what in business circles we would call a whole new *organizational model*.

I've been researching extraordinary pioneers who *already* operate with organizational structure and practices inspired by the new form of consciousness that is emerging. And what they achieve is just phenomenal. These are truly productive, soulful, and purposeful organizations. When this trend starts to generalize, it will mean another leap in the human journey.

## **Q** Say a bit more about past shifts that brought us to where we are.

Well, every stage of consciousness has its own organizational model. For instance, when humanity shifted to the age of civilization (the age of agriculture, government and institutional religion) it also invented formal, hierarchical organizations. In this paradigm, the world is God-given, immutable; there are absolute rights and wrongs. The organizations this worldview produced are very stable, very hierarchical. Some obvious examples of organizations that are still shaped by this worldview today are the Catholic Church, the military, and many public school systems. People have a place in the org chart and should be interchangeable, really. Change and competition are viewed with suspicion because there is one right way to do things, and that doesn't change.

With the Enlightenment and the Industrial Revolution came the modern perspective. The world is no longer immutable. It is a complex clockwork that can be understood by scientific exploration. The

smarter and faster you are compared with others at understanding it, the bigger the prize for you. It is a worldview that is no longer driven by the question of what is right or wrong, but by the question of what works and what doesn't.

The modern organization brought three extraordinary breakthroughs: *innovation*, for which organizations invented departments that didn't exist before, like R&D and marketing; *meritocracy*, or the idea that the mail boy can become the CEO; and *accountability*, with the notion that bosses only need to define the what, not the how; that if you dangle carrots, people will run at it. Accountability has also given us the modern inventions of management by objectives, targets, budgets, and mid-term planning. The modern organization brought us the extraordinary prosperity we know today.

### **This is the paradigm that governs most large business corporations today.**

Yes, indeed. And yet some circles, like academia and organizational development practitioners, are already deeply rooted in the next paradigm—the postmodern worldview. Postmodern organizations have emerged over the last 20 years or so.

The postmodern worldview is uncomfortable with modernity's material obsession, with the sole pursuit of profit and market share. It values diversity and wants to make sure everyone's values and voices are heard.

So what are postmodern organizations? They are the likes of Southwest Airlines, Ben & Jerry's, or The Container Store, for instance. These organizations have come up with three more breakthroughs. They have invented the notion of *empowerment*, the idea that people at the front line know best and that management should defer decisions down as low in the organization as possible. To do this, they work with *values-driven cultures*. We are frequently cynical about values because too often they are just buzzwords, but in these organizations, values really drive the culture, and it makes for vibrant, energetic workplaces. The third breakthrough is to embrace the *stakeholders* model instead of focusing narrowly on shareholder value alone.

### **And in the midst of this, the next model is starting to emerge!**

Yes. The rate of change is accelerating; it's quite dizzying. It always starts at the individual level. Here is what is happening: a growing number of people go through an inner transformation, spontaneously or as a result of some personal or spiritual work. Suddenly they find their organizational environment to be lifeless and painful, inhospitable to the deeper longings of their soul. More and more executives, for instance, are leaving the corporate world, often to become coaches and consultants, because they don't want to play in a system that they have outgrown. Teachers, doctors, and nurses are leaving their profession in droves, because the way we run our schools and hospitals is profoundly toxic, when seen from a higher perspective.

In some ways, this is dramatic. Those people who have the most to offer are often disillusioned with organizations. The problem is that we know what's wrong with today's organization; we sense that more must be possible, but we lack an articulation of how we could operate organizations from a higher ground. What I've been researching is people who went through this transformation and were crazy enough to decide to create a business, a nonprofit, a school or a hospital, but on a whole new basis. They launched themselves and their employees into radical experiments, throwing all existing management tenets overboard that didn't fit their values.

### **Who are the pioneers you researched?**

There are a dozen large organizations (many of them have several thousand employees) and a few smaller ones as well, operating in all sorts of sectors in the U.S. and in Europe. What is interesting is that there hasn't been much written about these organizations before, if at all. These are not the Googles or Apples of this world; their practices are much more radical. So much so that the rare articles written on them don't know what to do with them, really. From a more conventional perspective, these organizations simply shouldn't be able to function, and yet they do, and quite spectacularly so.

So for instance, there is a 7,000-employee nursing organization, a 500-person automotive supplier, and a 600-person chain of hospitals. I was positively surprised at the breadth of industries—these are for-profits and nonprofits, blue-collar and white-collar organizations.

## So how do these organizations operate?

What is striking is the degree of similarity in the way these organizations work, even though they are in very different industries and didn't know of each other. There really seems to be a new, coherent model that wants to emerge. Of course, some organizations have pushed the boundaries more in certain areas and less in others. But collectively, they allow us to describe in great detail the structures and practices that underpin this emerging model.

Now, what is new? Well, in this model, pretty much all aspects of management have been reinvented. There is no more pyramid, there are no job descriptions, no targets, no budgets, for instance! Instead, a host of new, soulful practices. We won't have time to talk about all the practices, so let's just talk at the highest levels about the big three breakthroughs.

The first one is self-management. Some of these organizations have cracked the way to structure very large organizations entirely without the boss-subordinate relationship. The power hierarchy is entirely gone, replaced with peer-based processes. This new structure is all made possible by a breakthrough decision-making mechanism that relies on neither hierarchy nor consensus.

## Talk about the second breakthrough—striving for wholeness.

Historically, organizations have always been places where people showed up wearing a mask. People often feel they have to shut out part of who they are when they dress for work in the morning in order to conform to the expectations of the workplace. In most cases, it means showing a masculine resolve, displaying determination and strength, hiding

doubts and vulnerability. The feminine aspects of the self—the caring, questioning, inviting—are often neglected or dismissed. Rationality is valued above all other forms of intelligence; in most workplaces the emotional, intuitive, and spiritual parts of ourselves feel unwelcome, out of place.

There is a conspiracy of fears at play that involves employees as much as their organizations. Organizations fear that if people were to bring all of themselves to work—their moods, quirks, and weekend clothes—things would quickly dissolve into a mess. Employees, for their part, fear that if they were to show up with all of who they are, they might expose their selfhood to criticism and ridicule and make themselves vulnerable.

Wisdom traditions from around the world speak to this from a deeper level: at heart, we are all profoundly interconnected and part of a whole, but it's a truth we have forgotten, and we live in fear and separation. Our deepest calling in life, these traditions tell us, is to overcome separation and reclaim wholeness. [See for example, Gwen Gordon's charming fairy tale for adults which explores wholeness on page 91; and the work of Mobius Senior Experts Bob Kegan and Lisa Lahey on deliberately developmental organizations — bringing your whole self to work, in the archives of the *Möbius Strip*.]

This spiritual insight inspires these organizations' second breakthrough: they put in place a great number of practices that support us in our journey to wholeness, that make it safe to bring all of who we are to work. Extraordinary things begin to happen when people stop leaving parts of themselves behind. In wholeness we are life-full. We discover in awe how much more energy and creativity there is in us than we ever imagined.

## And the third breakthrough is what you call “evolutionary purpose.”

That one is often the most difficult to grasp at first. It stems from the way we view an organization. In this emerging paradigm, leaders view their organizations not just as a collection of people and assets, but as living entities that have their own soul, their own life force, their own sense of direction. This view has

profound implications in all sorts of domains, from strategy, to target-setting, to budgeting, to product development, and so on.

Let's take strategy. In today's management paradigm, the CEO is the captain charting the strategic course. He needs to set a direction and goals. In the new paradigm, the organization has its own sense of direction, its own evolutionary purpose that it is called to manifest in the world. The role of leadership is not to impose a direction onto the organization. It is to listen to what the organization wants to become and then to dance with it. There are some beautiful practices, ranging from simple to profound, that people in these organizations use to listen in to the organization.

I'll share another implication. The business world is obsessed with competition. One day I was struck that none of the organizations I researched ever talk about competition. The reason, I found out, is simple: if an organization's purpose is really paramount, and not just some slogan in the annual report, then there is no competition. Anybody else who pursues the same purpose is an ally to be embraced, not an enemy to be fought. There is a real level of fearlessness at play here. If another organization is better than us at pursuing our purpose, by all means, let them win! Life is abundant enough. We'll find something else to do.

**Q That's pretty profound. That requires leaders who have embraced a whole new perspective.**

Indeed. The research shows that there are two necessary conditions to run an organization based on this new model. One is that the CEO has made the inner shift to this new paradigm. The second is that the board is also aligned. These are the two conditions, and they are the only two. For the rest, this model seems to work in every kind of industry and in every kind of geography, in organizations of a few people or of tens of thousands.

But meeting these two conditions is still a tall order. These conditions are of course easier to meet when some person who has gone through that shift starts a new organization.

**Q Is it possible to transform existing organizations to this new model?**

Of the 12 large organizations I researched, three used to operate along traditional lines, before making the switch. So it absolutely is possible, and the book offers some thoughts about how to best navigate the shift. [For more on this, we encourage readers to read *New Work* on the following pages of this edition.] What's quite fascinating, in some regards, is how easy the transformation can be, if the CEO is committed. There will be resistance from some middle and senior managers, who will lose their command-and-control power with the switch to self-management, but after a while, almost everyone feels enormous relief and is energized by the new way of operating.

**Q What's next for you?**

That is a hard question to answer. In some ways, I look at this research and this book just in the same way some of the leaders we talked about look at their organization. I'm trying to live without forcing a direction onto the future, which is sometimes challenging! This year I plan to be in service of the book and see where it wants to go, to serve whatever it wants to do in the world, big or small. It is an interesting experiment for me to try and live in this way, to be truly in service.



**FREDERIC LALOUX** works as an adviser, coach, and facilitator for corporate leaders who feel called to explore fundamentally new ways of organizing. A former Associate Partner with McKinsey & Company, he holds an MBA from INSEAD and a degree in coaching from Newfield Network in Boulder, Colorado. His groundbreaking research in the field of emerging organizational models has been described as "groundbreaking," "brilliant," "spectacular," "impressive," and "world-changing" by some of the most respected scholars in the field of human development. Frederic Laloux lives in upper state New York with his wife, Hélène, and their two children.