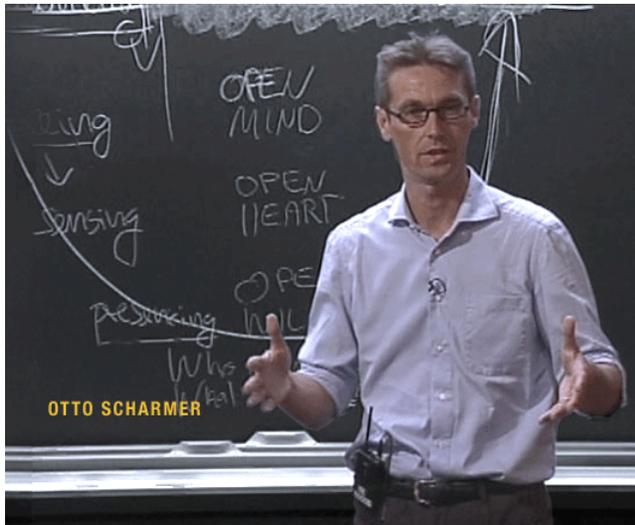

LEADERSHIP UPDATE

January 2009

THE CONTRIBUTION OF OTTO SCHARMER'S THEORY U TO OUR LEADERSHIP AND CHANGE PROGRAMS AND INTERVENTIONS



Otto Scharmer is based at Massachusetts Institute of Technology and he has developed a bold new theory (Theory U) about how to engage in a type of Leadership which brings about profound change and innovation in organizations and social systems.

He gives several practical examples of work being done which illustrate aspects of his thinking in application.

THE FIRST EXAMPLE comes from a commercial Ideas Factory on the East Coast of the USA. This company is a product innovation laboratory for many of the biggest companies in the USA. On this occasion, the group was commissioned to

design a brand new shopping trolley within one week. Firstly, they assemble a very diverse team of very smart people who come from the most unusual disciplines – just how is that philosopher going to help with the design of a new shopping trolley? Next they go on a fact finding splurge, mainly by interviewing face to face many of the major players who use shopping trolleys – such as producers, retailers, shoppers, carpark attendants and the like. They are searching for problems and needs. Next they share all their information with each other – that parents use trolleys for the transport of their youngsters and they are very unsafe; that trolleys have limited mobility in the narrow corridors; that they get stolen a lot; that many shoppers like to park them and walk along the corridors and return with their choices. Next the group brainwave a whole bunch of possible new designs – a senior group then review these and chooses what they call the “goers”. Next the group breaks into small teams and actually build the “goers”. And finally the group returns to the stakeholders and gets their feedback on the various prototypes.

All this happens in a week, and the successful prototype has a whole new baby safety system, a gutted centre which allows for hanging bags but discourages theft, a sleek new look, wheels which can move in all directions for better mobility, and an individual scanner so the customer can do their own check out when they place each item in the new trolley.

THE SECOND EXAMPLE comes from his work with a Regional Healthcare System in Germany. The system was plagued with patient complaints about poor service, and negotiations between the physicians, insurance companies and the government had broken down over new funding arrangements.

Otto designed a dialogue process amongst 130 of the key players, originally based on one-on-one dialogue interviews and then a series of workshop dialogues involving all the players. As he describes it the patients, physicians, insurance representatives and community leaders moved from politeness and debate to real dialogue and thinking together.

In the end the group prototyped and then institutionalized a new program that provides better emergency care for patients, incorporates cross-institutional cooperation, and costs less. As a result, factor 4 cost savings have been realized and patient complaints in that region have decreased to almost zero.

THE THIRD EXAMPLE is the Sustainable Food Lab which comprises leaders from more than 100 organisations that represent a microcosm of the stakeholders in food delivery systems. The purpose of this large scale intervention is to make food systems more sustainable. Members include individuals from Carrefour, General Mills, Nutreco, Organic Vally Cooperative, Costco, Unilever, from governmental organizations in Brazil and Netherlands, plus the European Commission and the International Finance Corporation and World Bank, as well as Oxfam, National Confederation of Agricultural Workers and World Wildlife Fund. This membership illustrates one of Otto's key leadership ideas for generating profound change which is to enrol a very diverse collection of stakeholders and perspectives and aim for the most influential players possible. Again this diverse group has been engaged in a dialogue process and is presently prototyping projects which address supply chain innovations, demand pull for sustainability, purchasing standards, and policy changes.

OTTO SCHARMER'S THINKING

Otto Scharmer has a bold claim in his Theory U – he claims that there is a blind spot in our leadership and transformational work because we do not explore the source of a leader's action. He argues that two leaders can engage in exactly the same action and get entirely different results, depending on who he/she is being and the source of their action. He argues that when he and colleagues at MIT reviewed twenty years' of their own organizational interventions in some of the major companies in the world, they concluded that successful change programs depended not just on what people did or how they did them, but rather the source they were drawing on when they acted. The big payoffs for innovation and change, he argues, come from influencing this realm of being which sits behind individual and collective action. Most of us do not know how to do that, because this idea goes way beyond the usual organizational psychology processes to bring about behavioural change.

In this regard, a large part of Otto's work has a strong overlap with our own leadership work on the Mt Eliza Senior Leadership Program and others. The whole of the left hand side of his U theory is similar to the slowing down, mindful and collective processes which we engage in on our programs. Indeed, I have some problems with the U process because it can be misused and seen as a mechanistic, step by step process, whereas my experience with Mt Eliza programs and clients is that it is an organic process or journey and the program leader cannot simply steer a group from A to B. We can point to it, and nudge the group along, but cannot simply demand or produce it.

But there are some new ideas in Otto's thinking which really add to the work which we are presently doing on our own programs. Here are three of them.

THE FIRST IDEA is the need for collective leadership to shift the whole system and the ability to come from the whole rather than just an individual perspective. The requirement for adaptation and innovation in companies and organizations demands collective leadership to shift whole systems. To solve many of their pressing problems companies need to see that they are part of broader social systems. In America, the problem of automakers and their health pension costs are linked to broader health reform in the US, yet the auto companies have never championed this. Again, the inefficiency of the US automakers and this link to their lack of innovation and fuel efficiency in facing energy problems and climate change. Social systems more generally are often at breaking point and need new approaches – health systems, education systems, finance systems, democratic institutions, families and children.

We witness this shift from the individual to the whole on our programs. Indeed, we find many participants are a little blind to the fact that they belong to a whole or group on the program and they pay insufficient attention to the dynamics occurring in the group. One of the fundamental shifts which occurs on our programs is this shift from the individual learner perspective to an appreciation of belonging to a larger group or whole which needs to be shaped because it will determine how much the individual will actually learn and change and create.

In practice, what this idea suggests is that for organizations and individuals to become more adaptive and innovative it is important to have all the major stakeholder perspectives in the room and to engage in a type of deep listening and dialogue which results in a quite new appreciation of the challenges, the nature of reality itself and the possibilities for change and innovation. The group goes on a journey together where they and the challenges do not look the same at the end.

This also is why much Strategy work which is done in organizations is ineffectual. The approach many organizations take to Strategy is simply too transactional, too technical and rational, and too authoritarian and directive to lead to much successful innovation and change.

THE SECOND BIG IDEA from Otto Scharmer is this idea that once you have slowed down and become reflective and mindful, as individuals or as a group you need to Listen and Learn from the Future which wants to emerge. The emphasis here is on a shift from the Past perspective to the Future perspective. At an individual or group identity level, this is a shift from the small self or ego to the bigger self or highest possible future self.

This is an opening process based on an Open Mind, and Open Heart and an Open Will – again in individuals and collectives. It is about allowing ourselves to be inspired and inspiring, and it requires dealing with the inevitable resistance from the individual and collective Voices of Judgement, Voices of Cynicism and Voices of Fear. This is the notion of listening to the individual or collective highest possible future self. This requires individuals and groups to be very Present to reality and the possibilities which want to emerge.

The election of Barack Obama as President is illustrative of some aspects of this idea. I was participating in a program with Otto Scharmer in the week that the Presidential elections was held in the USA. I remember on the eve of the election watching Bill Clinton on the hustings lobbying for Obama. And he told the audience that many people were questioning whether Obama had enough experience to be US President. "Just observe how Barack imagined his preselection campaign two year's ago" Bill told his audience, " and ask yourself if this guy has what it takes to be President". It is

a very inspiring point that Bill Clinton was making. Two year's previously Barack was a junior senator, a black man and had little campaign funding or big name supporters, and was going up against the Hilary Clinton machine. But \he and his colleagues imagined a campaign which would break many rules and rewrite the text books on Presidential campaigns. He based his funding on millions of internet based individual donors. He mobilized the disaffected youth vote and marshalled an extraordinary army of volunteers. On the night of his actual election he sent them all an email saying, "Stand by for further instructions!". The community organizing approach to the Presidency continues! Barack refused to get too drawn into the negative attacks, and based his campaign on the politically risky notion of Hope. In other words Barack and his colleagues two year's previously imagined a future campaign which was very different but capable of getting the first black man elected President in US history.

Again, watch Barack Obama"s acceptance speech on the night of his election. Where are the usual ego driven comments of the political victor? Notice the incredible stillness and poise that this man exudes on the night he has just been elected to the toughest job in the world. Where does that kind of confidence come from? It doesn't come from experience, because he doesn't have the experience of being President and solving global crises. It is an example of a man coming from a place, being in touch with a source of his actions, which is well beyond the small individual ego and sensing some highest possible future for the self and for the whole country.

THE THIRD IMPORTANT NEW IDEA is that once an individual or collective senses new possibilities for dealing with a situation, their job is to listen for some cracks, some openings in the day after tomorrow future which might allow for the immediate acting upon the newly generated possibilities. This is the idea of Acting in an Instant, seizing upon any small openings to begin realizing the new possibilities. Don't wait for all the ducks to be lined up before you act! At an organizational level this acting often requires building a prototype of the new possibility and reality testing it throughout the organization and society. The idea here is not to get too bogged down with analysis, but rather to design prototypes quickly which capture the essence of the new possibilities envisaged previously. The first part of the innovation and adaptation process emphasizes Slowing Down and the second half emphasizes Action in an Instant!

