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. 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. 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. Other studies cite a lack of sufficient emotional intelligence amongst leaders to respond to the relational demands of 21st century leadership. 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.

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 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. 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, 2003
- 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, 2005
- 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, 2012
- 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 leaders
- High-performers deliver 48% improved performance over average performers in highly complex jobs. – Hunter, Schmidt, & Judiesch’s research across 59,000 jobs

*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 accomplishing 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

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.

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 opportunity. 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. 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. 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. This eight-stage model is profiled in a highly-popular Harvard Business Review article called “Seven Transformations of Leadership.”

The model is based upon 40 years of research involving tens of thousands of adults, among them thousands of leaders. 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.

<table>
<thead>
<tr>
<th>LEVEL OF DEVELOPMENT / ACTION LOGIC</th>
<th>DESCRIPTION</th>
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<tbody>
<tr>
<td>Level 8: Ironic 0.5% of US adults</td>
<td>Focused on being, non-controlling &amp; 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.</td>
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<tr>
<td>Level 7: Alchemical 1% of US adults</td>
<td>Focused on interplay of awareness, thought, action &amp; affects. Seeks personal/societal transformation; embraces common humanity. Attuned to complexity of meaning making, systemic interactions &amp; dynamic processes.</td>
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<tr>
<td>Level 5: Redefining 10% of US adults</td>
<td>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 &amp; asks for feedback.</td>
</tr>
<tr>
<td>Level 4: Achiever 30% of US adults</td>
<td>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.</td>
</tr>
<tr>
<td>Level 3: Expert 38% of US adults</td>
<td>Focused on expertise &amp; procedure. Prefers efficiency over effectiveness. Rules by reason &amp; logic; sees from a technical, specialized perspective. Seeks the “right way” before acting. Accepts feedback only from experts.</td>
</tr>
<tr>
<td>Level 2: Diplomat 12% of US adults</td>
<td>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.</td>
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<tr>
<td>Level 1: Opportunist 5% of US adults</td>
<td>Focused on own immediate needs, opportunities, self-protection. Strong flight/flight response; short-term horizon. Focus on concrete things &amp; personal advantage; sees rules as loss of freedom. Rejects feedback.</td>
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Eight transformations of leadership. See Appendix D for full descriptions of each, as related to Conscious Capitalism.
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. 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.

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). 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 considerably more effective than their counterparts. 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. 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.

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. This increase in capacity – in turn – has been strongly linked to better leadership. 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.

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. 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 Ironic action logics), leaders are able to take on more complex challenges, including social and cultural issues. They have the capacity to lead with empathy and integrity, and are more likely to succeed in generating organizational transformations.

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.
According to Edward Kelly’s research Warren Buffett has developed through seven transformations of leadership during his business career. 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 ( Opportunistic):** Teenage years of opportunistic business ventures, cajoling others, underperforming in school, stealing.

**Level 2 (Diplomat):** Early college years, socially awkward and emotionally immature. Attempts to fit in with others and build confidence by studying and practicing Dale Carnegie material.

**Level 3 (Expert):** Adopts Graham’s value investment approach. Many years of strong, extensive use of logical, mathematical intelligence, and a rational temperament.

**Level 4 (Achiever):** Amazing success with Buffett Partnership, generating average annual rate of return for investors of 24% over 13 years.

**Level 5 (Redefining):** “Go it alone” period, exploring having a calmer life. Increasingly involved in community affairs. Integrates various relationships and interests to create Berkshire Hathaway.

**Level 6 (Transforming):** Excels in a wide variety of businesses and investments, including a managerial role that saves Solomon in the 1990s.

**Level 7 (Alchemical):** Death of first wife, unwinding of fortune, donating most of it to the Gates Foundation. Succession plans, biography, increasingly open communication.

Ironic 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.

In sum, leaders who develop themselves into the later action logics (Levels 6–8) have access to enhanced and highly attuned 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-
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 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. 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-
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.
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.

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

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

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 insensitive – 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 steering, 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 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 – 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, (b) Complexity theory, and (c) Systems theory. 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.
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.

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 mental 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 position 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 these leaders engaged in was to work with the psychological shadow. In its simplest sense, our shadow consists 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-
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, being 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 transformation.

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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.
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