

CONSCIOUS BUSINESS

HOW TO BUILD VALUE
THROUGH VALUES



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Forewords by Peter Senge and Ken Wilber



sounds true
BOULDER, COLORADO

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CHAPTER 1

Conscious Business



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

RENÉ DESCARTES

Greatness is not a function of circumstance.

Greatness ... is a matter of conscious choice.

JIM COLLINS¹



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

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

As they climb the corporate ladder, managers like Marcus stumble and fall. They fail to make the transition from the operational requirements of the lower rungs to the leadership requirements of the higher ones. Ironically,

some of the traits that drove their success as individual contributors derail their success as leaders.² Success in business requires dealing with human beings, which is to say *conscious* beings. This book presents the basic principles and skills needed to deal with people while honoring their conscious nature. Although this is helpful for anybody who works, it is fundamental for those who manage and lead others. Great leadership is conscious leadership.

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

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

NATHANIEL BRANDEN⁴

CONSCIOUSNESS

Consciousness is the ability to experience reality, to be aware of our inner and outer worlds. It allows us to adapt to our environment and act to promote our lives. All living beings possess consciousness, but human beings have a unique kind. Unlike plants and other animals, we can think and act beyond instinctual drives and conditioning. We can be autonomous (from the Greek, “self-governing”). While this autonomy is a possibility, it is not a given. We must develop it through conscious choices.

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

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

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

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

life?” “What values should guide me?” “How should I live?” “Is my behavior aligned with my values and purpose?” “Am I happy?”

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

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

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

A conscious business promotes mindfulness for all of its stakeholders. Employees are encouraged to investigate the world with rigorous scientific reasoning, and to reflect on their role in it with equally rigorous moral

reasoning. They are invited to contemplate their own selves, finding what it means to live with virtue, meaning, and happiness. They are also asked to think of their colleagues as human beings, rather than as “human resources.” Finally, they are required to understand their customers, offering them products and services that support their growth and well-being. A conscious business fosters peace and happiness in individuals, respect and solidarity in the community, and mission accomplishment in the organization.

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

CONSCIOUS EMPLOYEES

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

Conscious employees take responsibility for their lives. They don't compromise human values for material success. They speak their truth and listen to others' truths with honesty and respect. They look for creative solutions to disagreements and honor their commitments impeccably. They are in touch with their emotions and express them productively.

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

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

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

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

more effective than they are.⁵ The good news is that there's lots of room for improvement. If companies could harness the lost energy, organizational performance would surge.

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

MIHALY CSIKSZENTMIHALYI⁶

CONSCIOUS MANAGERS

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

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

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

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

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

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

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

LAO TZU, *TAO TE CHING*

CONSCIOUS LEADERSHIP

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

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

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

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

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

that she can perform managerial functions, such as selecting the right people to join the team, assigning tasks appropriately, providing context for how all the tasks fit together in the pursuit of the team goal, and so on.

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

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

BE-KNOW-DO: LEADERSHIP THE ARMY WAY⁹

THE THREE DIMENSIONS OF BUSINESS

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