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Theory U

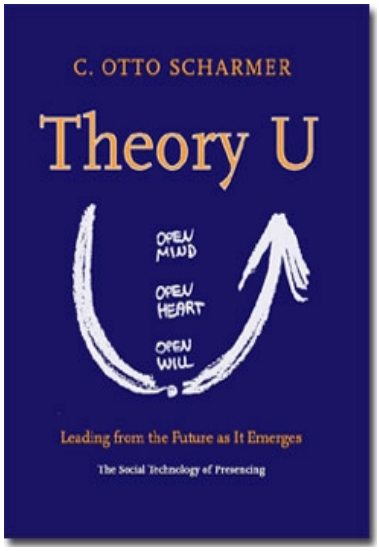
Leading from the Future as it Emerges

ADDRESSING THE BLIND SPOT OF OUR TIME

By C. Otto Scharmer; Society for Organizational Learning, 2007

In his new book Theory U: Leading from the Future as It Emerges (Cambridge, MA: Society for Organizational Learning, 2007), Otto Scharmer introduces readers to the theory and practice of the U process, based on a concept he calls "presencing." A blend of the words "presence" and "sensing," presencing signifies a heightened state of attention that allows individuals and groups to shift the inner place from which they function. When that shift happens, people begin to operate from a future space of possibility that they feel wants to emerge. Being able to facilitate that shift is, according to Scharmer, the essence of leadership today. At the end of this Executive Summary you will find more complete coverage of how Theory U is being used by numerous stakeholders and corporate innovators, and information on how you might become involved with the Presencing Institute.

read the summary



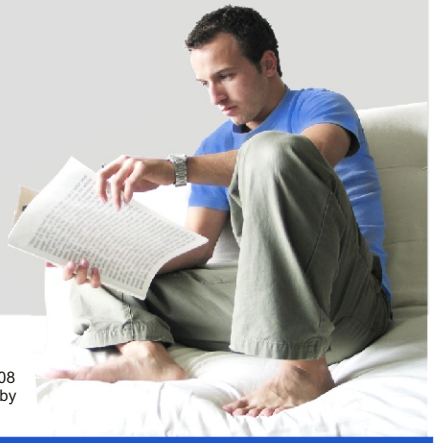
About the Author/s:

Dr. C. Otto Scharmer is a Senior Lecturer at the Massachusetts Institute of Technology and a founding co-director of ELIAS (Emerging Leaders for Innovations Across Systems), a joint leadership development initiative of the UN Global Compact, and the Society for Organizational Learning (SoL), along with leading global companies, the World Bank, and NGOs. ELIAS uses the U process of presencing to help young executives co-create profound systems innovations for a more sustainable world. He is also a Visiting Professor at the Center for Innovation and Knowledge Research, Helsinki School of Economics.

for author info

Inside This Book Summary:

- The Big Idea
- Tapping Our Collective Capacity
- Illuminating the Blind Spot
- Slowing Down to Understand
- Deep Attention and Awareness
- The U: One Process, Five Movements
- A New Social Technology
- Applications



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Tapping Our Collective Capacity

We live in a time of massive institutional failure, collectively creating results that nobody wants. Climate change. AIDS. Hunger. Poverty. Violence. Terrorism. Destruction of communities, nature, lifethe foundations of our social, economic, ecological, and spiritual well-being. This time calls for a new consciousness and a new collective leadership capacity to meet challenges in a more conscious, intentional, and strategic way. The development of such a capacity will allow us to create a future of greater possibility.

Illuminating the Blind Spot

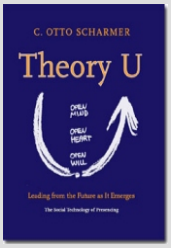
Why do our attempts to deal with the challenges of our time so often fail? Why are we stuck in so many quagmires today? The cause of our collective failure is that we are blind to the deeper dimension of leadership and transformational change. This "blind spot" exists not only in our collective leadership but also in our everyday social interactions. We are blind to the source dimension from which effective leadership and social action come into being.

We know a great deal about what leaders do and how they do it. But we know very little about the inner place, the source from which they operate.Successful leadership depends on the quality of attention and intention that the leader brings to any situation. Two leaders in the same circumstances doing the same thing can bring about completely different outcomes, depending on the inner place from which each operates. The nature of this inner place in leaders is something of a mystery to us. We do know something about the inner dimensions of athletes because studies have been conducted on what goes on within an athlete's mind and imagination in preparation for a competitive event. This knowledge has led to practices designed to enhance athletic performance from the "inside out," so to speak. But in the arena of management and leading transformational change, we know very little about these inner dimensions, and very seldom are specific techniques applied to enhance management performance from the inside out. In a way, this lack of knowledge constitutes a "blind spot" in our approach to leadership and management.

We know very little about the invisible dimension of leadership, even though it is our source dimension.

Figure 1. **Three Perspectives on the Leader's Work:** The source dimension of leadership is often invisible and functions as a "blind spot" in the process of social reality formation and transformational change.

About the Book:



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Slowing Down to Understand

At its core, leadership is about shaping and shifting how individuals and groups attend to and subsequently respond to a situation. The trouble is that most leaders are unable to recognize, let alone change, the structural habits of attention used in their organizations.

Learning to recognize the habits of attention in any particular business culture requires, among other things, a particular kind of listening. Over more than a decade of observing people's interactions in organizations, I have noted four different types of listening.

Listening 1: Downloading
"Yeah, I know that already." I call this type of listening "downloading"listening by reconfirming habitual judgments. When you are in a situation where everything that happens confirms what you already know, you are listening by downloading.

Listening 2: Factual
"Ooh, look at that!" This type of listening is factual or object-focused: listening by paying attention to facts and to novel or disconfirming data. You switch off your inner voice of judgment and listen to the voices right in front of you. You focus on what differs from what you already know. Factual listening is the basic mode of good science. You let the data talk to you. You ask questions, and you pay careful attention to the responses you get.

Listening 3: Empathic
"Oh, yes, I know exactly how you feel."This deeper level of listening is empathic listening. When we are engaged in real dialogue and paying careful attention, we can become aware of a profound shift in the place from which our listening originates. We move from staring at the objective world of things, figures, and facts (the "it-world") to listening to the story of a living and evolving self (the "you-world"). Sometimes, when we say "I know how you feel," our emphasis is on a kind of mental or abstract knowing. But to really feel how another feels, we have to have an open heart. Only an open heart gives us the empathic capacity to connect directly with another person from within. When that happens, we feel a profound switch as we enter a new territory in the relationship; we forget about our own agenda and begin to see how the world appears through someone else's eyes.

Listening 4: Generative
"I can't express what I experience in words. My whole being has slowed down. I feel more quiet and present and more my real self. I am connected to something larger than myself." This type of listening moves beyond the current field and connects us to an even deeper realm of emergence. I call this level of listening "generative listening," or listening from the emerging field of future possibility. This level of listening requires us to access not only our open heart, but also our open will– our capacity to connect to the highest future possibility that can emerge. We no longer look for something outside. We no longer empathize with someone in front of us. We are in an altered state. "Communion" or "grace" is maybe the word that comes closest to the texture of this experience.

When you operate from Listening 1 (downloading), the conversation reconfirms what you already knew. You reconfirm your habits of thought: "There he goes again!" When you operate from Listening 2 (factual listening), you disconfirm what you already know and notice what is new out there: "Boy, this looks so different today!" When you choose to operate from Listening 3 (empathic listening), your perspective is redirected to seeing the situation through the eyes of another: "Boy, yes, now I really understand how you feel about it. I can sense it now too." And finally, when you choose to operate from Listening 4 (generative listening), you realize that by the end of the conversation you are no longer the same person you were when it began. You have gone through a subtle but profound change that has connected you to a deeper source of knowing, including the knowledge of your best future possibility and self.

Deep Attention and Awareness

Deep states of attention and awareness are well known by top athletes in sports. For example, Bill Russell, the key player on the most successful basketball team ever (the Boston Celtics, who won 11 championships in 13 years), described his experience of playing in the zone as follows:"

Every so often a Celtics game would heat up so that it became more than a physical or even mental game, and would be magical. That feeling is difficult to describe, and I certainly never talked about it when I was playing. When it happened, I could feel my play rise to a new level. It came rarely, and would last anywhere from five minutes to a whole quarter, or more. Three or four plays were not enough to get it going. It would surround not only me and the other Celtics, but also the players on the other team, and even the referees.

At that special level, all sorts of odd things happened: The game would be in the white heat of competition, and yet somehow I wouldn't feel competitive, which is a miracle in itself. I'd be putting out the maximum effort, straining, coughing up parts of my lungs as we ran, and yet I never felt the pain. The game would move so quickly that every fake, cut, and pass would be surprising, and yet nothing could surprise me. It was almost as if we were playing in slow motion. During those spells, I could almost sense how the next play would develop and where the next shot would be taken. Even before the other team brought the ball inbounds, I could feel it so keenly that I'd want to shout to my teammates, 'it's coming there!'except that I knew everything would change if I did. My premonitions would be consistently correct, and I always felt then that I not only knew all the Celtics by heart, but also all the opposing players, and that they all knew me. There have been many times in my career when I felt moved or joyful, but these were the moments when I had chills pulsing up and down my spine."... On the five or ten occasions when the game ended at that special level, I literally did not care who had won. If we lost, I'd still be as free and high as a sky hawk." (William F. Russell, Second Wind: The Memoirs of an Opinionated Man, 1979)

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Scharmer holds a Ph.D. in economics and management from Witten-Herdecke University, Germany. His article "Strategic Leadership within the Triad Growth-Employment-Ecology" won the McKinsey Research Award in 1991. His most recent work has included research in the form of dialogue interviews with 150 eminent thinkers on leadership, strategy, and knowledge creation. A synthesis of this research has resulted in a theoretical framework and practice called presencing, which he elaborates in his forthcoming book, Theory U: Leading from the Future as it Emerges, as well as in a co-authored book with Peter Senge, Joseph Jaworski, and Betty Sue Flowers, Presence: Human Purpose and the Field of the Future (2004). With his colleagues, Otto has used presencing to facilitate profound innovation and change processes both within companies and across societal systems. He lives with his wife and their two children in Boston, Massachusetts.

To know more about the author, go to: http://www.wie.org/bios/otto-scharmer.asp

According to Russell's description, as you move from regular to peak performance, you experience a slowing down of time, a widening of space, a panoramic type of perception, and a collapse of boundaries between people, even between people on opposing teams (see figure 2: movement from Fields 1-2 to Fields 3-4).While top athletes and championship teams around the world have begun to work with refined techniques of moving to peak performance, where the experience Russell describes is more likely to happen, business leaders operate largely without these techniques– or indeed, without any awareness that such techniques exist.

Field	Micro:	Meso:	Macro:	Mundo:
Structure of Attention	THINKING (individual)	CONVERSING (group)	STRUCTURING (institutions)	ECOSYSTEM COORDINATING (global systems)
Field 1: Operating from the old me-world	Listening 1: Downloading habits of thought	Downloading: Talking nice, politeness rule-reenacting	Centralized: Machine bureaucracy	Hierarchy: Central plan
Field 2: Operating from the current it-world	Listening 2 : Factual, object-focused	Debate: Talking tough rule-revealing	Decentralized: Divisionalized	Market: Competition
Field 3: Operating from current you-world	Listening 3: Empathic listening	Dialogue Inquiry rule-reflecting	Networked Relational	Dialogue: Mutual adjustment
Field 4: Operating from the highest future possiblity that is wanting to emerge	Listening 4: Generative listening	Presencing Collective creativity, flow rule-generating	Ecosystem Ba	Collective Presence: Seeing from the emerging Whole

Figure 2. **Structures of Attention Determine the Path of Social Emergence**: In order to respond to the major challenges of our time, we need to extend our ways of operating from Fields 1 or 2 to Fields 3 or 4 across all system levels.

To be effective leaders, we must first understand the field, or inner space, from which we are operating. Theory U identifies four such “field structures of attention,” which result in four different ways of operating. These differing structures affect not only the way we listen, but also how group members communicate with one another, and how institutions form their geometries of power (figure 2).The four columns of figure 2 depict four fundamental meta-processes of the social field that people usually take for granted:

- thinking (individual)
- conversing (group)
- structuring (institutions)
- ecosystem coordination (global systems)

Albert Einstein famously noted that problems cannot be resolved by the same level of consciousness that created them. If we address our 21st-century challenges with reactive mind--sets that mostly reflect the realities of the 19th and 20th centuries (Field 1 and Field 2), we will increase frustration, cynicism, and anger. Across all four meta-processes, we see the need to learn to respond from a deeply generative source (Field 4).Summing up: the way we pay attention to a situation, individually and collectively, determines the path the system takes and how it emerges (figure 2). On all four levels--personal, group, institutional, and globa-- lshifting from reactive responses and quick fixes on a symptoms level (Fields 1 and 2) to generative responses that address the systemic root issues (Fields 3 and 4) is the single most important leadership challenge of our time.

The U: One Process, Five Movements

In order to move from a reactive Field 1 or 2 to a generative Field 3 or 4 response, we must embark on a journey. In an interview project on profound innovation and change that included 150 practitioners and thought leaders I heard many practitioners describe the various core elements of this journey. One person who did so in particularly accessible words is Brian Arthur, the founding head of the economics group at the Santa Fe Institute. When Joseph Jaworski and I visited him he explained to us that there are two fundamentally different sources of cognition. One is the application of existing frameworks (downloading) and the other accessing one's inner knowing. All true innovation in science, business, and society is based on the latter, not on the everyday downloading type of cognition. So we asked him, “How do you do that? If I want to learn that as an organization or as an individual, what do I have to do?” In his response he walked us through a sequence of three core movements.

The first movement he called “observe, observe, observe.” It means to stop downloading and start listening. It means to stop our habitual ways of operating and immerse ourselves in the places of most potential, the places that matter most to the situation we are dealing with.

The second movement Brian Arthur referred to as “retreat and reflect: allow the inner knowing to emerge.” Go to the inner place of stillness where knowing comes to the surface. We listen to everything we learned during the “observe, observe,” and we attend to what wants to emerge. We pay particular attention to our own role and journey.

The third movement, according to Brian Arthur, is about “acting in an instant.” This means to prototype the new in order to explore the future by doing. To create a little landing strip of the future that allows for hands-on testing and experimentation.

That whole process– observe, observe, access your sources of stillness and knowing, act in an instant– I have come to refer to as the U process because it can be depicted and understood as a U-shaped journey. In practical contexts the U-shaped journey usually requires two additional movements: an initial phase of building common ground (co-initiating) and a concluding phase that focuses on reviewing, sustaining, and advancing the practical results (co-evolving). The five movements of the U journey are depicted in figure 3.

1. Co-initiating: build common intent. Stop and listen to others and to what life calls you to do.
At the beginning of each project, one or a few key individuals gather together with the intention of making a difference in a situation that really matters to them and to their communities. As they coalesce into a core group, they maintain a common intention around their purpose, the people they want to involve, and the process they want to use. The context that allows such a core group to form is a process of deep listening– listening to what life calls you and others to do.

Figure 3. **The U as One Process with Five Movements:** In order to move from Field 1 or 2 to Field 3 or 4 ways of operating, we need to move first into intimate connection with the world and to a place of inner knowing that emerges from within, followed by bringing forth the new, which entails discovering the future by doing.

2. Co-sensing: observe, observe, observe. Go to the places of most potential and listen with your mind and heart wide open.
The limiting factor of transformational change is not a lack of vision or ideas, but an inability to sense – that is, to see deeply, sharply, and collectively. When the members of a group see together with depth and clarity, they become aware of their own collective potential– almost as if a new, collective organ of sight was opening up. Goethe put it eloquently: “Every object, well contemplated, opens up a new organ of perception within us.

”The late cognitive scientist Francisco Varela once told me about an experiment that had been conducted with newborn kittens, whose eyes were not yet open. They were put together in pairs, with one on the back of the other in such a way that only the lower kitten was able to move. Both kittens experienced the same spatial movements, but all of the legwork was done by the lower cat. The result of this experiment was that the lower cat learned to see quite normally, while the upper cat did not – its capacity to see developed inadequately and more slowly. The experiment illustrates that the ability to see is developed by the activity of the whole organism.

When it comes to organizing knowledge management, strategy, innovation, and learning, we are like the upper cat--we

outsource the legwork to experts, consultants, and teachers to tell us how the world works. For simple problems, this may be an appropriate approach. But if you are in the business of innovation, then the upper cat's way of operating is utterly dysfunctional. The last thing that any real innovator would outsource is perception. When innovating, we must go places ourselves, talk with people, and stay in touch with issues as they evolve. Without a direct link to the context of a situation, we cannot learn to see and act effectively.

What is missing most in our current organizations and societies is a set of practices that enable this kind of deep seeing--"sensing"-- to happen collectively and across boundaries. When sensing happens, the group as a whole can see the emerging opportunities and the key systemic forces at issue.

3. Presencing: Connect to the source of inspirations and common will. Go to the place of silence and allow the inner knowing to emerge.
At the bottom of the U, individuals or groups on the U journey come to a threshold that requires a "letting go" of everything that is not essential. In many ways, this threshold is like the gate in ancient Jerusalem called "The Needle," which was so narrow that when a fully loaded camel reached it, the camel driver had to take off all the bundles so the camel could pass through – giving rise to the New Testament saying that "It is easier for a camel to go through the eye of a needle than for a rich man to enter the kingdom of God."

At the same time that we drop the non-essential aspects of the self ("letting go"), we also open ourselves to new aspects of our highest possible future self ("letting come"). The essence of presencing is the experience of the coming in of the new and the transformation of the old. Once a group crosses this threshold, nothing remains the same. Individual members and the group as a whole begin to operate with a heightened level of energy and sense of future possibility. Often they then begin to function as an intentional vehicle for the future that they feel wants to emerge.

4. Co-creating: Prototype the new in living examples to explore the future by doing.
I often work with people trained as engineers, scientists, managers, and economists (as I was). But when it comes to innovation, we all received the wrong education. In all our training and schooling one important skill was missing: the art and practice of prototyping. That's what you learn when you become a designer. What designers learn is the opposite of what the rest of us are socialized and habituated to do.

I still remember my first visit to an art and design school when I was a doctoral student in Germany. Because I had published a book on aesthetics and management, a design professor at the Berlin Academy of Arts, Nick Roericht, invited me to co-teach a workshop with him. The night before the workshop, I was invited to meet with Roericht and his inner circle at his loft apartment. I was eager to meet the group and to see how a famous designer had furnished his Berlin loft. When I arrived, I was shocked. The loft was spacious, beautiful– but virtually empty. In a very small corner kitchen stood a sink, an espresso machine, a few cups, and a quasi kitchen table. But no drawers. No dishwasher. No table in the main room. No chairs. No sofa. Nothing except a few cushions to sit on.

We had a great evening, and later I learned that the empty loft reflected his approach to prototyping. For example, when he developed a prototype interior design for the dean's office at his school, he took out all of the furniture and then watched what happened there. Roericht and his students then furnished it according to the dean's actual needs– the meetings he conducted and so forth– supplying needed objects and furnishings in real time. Prototyping demands that first you empty out all the stuff ("let go"). Then you determine what you really need ("let come") and provide prototype solutions for those real needs in real time. You observe and adapt based on what happens next.

This was such a great lesson for me. I thought: Boy, if this famous design professor has a loft with

no things in it, why can't the best management schools and all of the famous management minds create equally simple organizational design that throws out all of the dysfunctional bureaucracy?

The next day we started the workshop around 1:00 p.m. The task was to invent game boards for all of the current and alternative ways of governing the local and global economy. A fairly ambitious design challenge, I thought. But it was what Roericht said next that really floored me: “Okay, now split up into teams. At 5:00 p.m. each team presents its first prototype.” I was dumbfounded. In my world of economics and management, the reaction to such a design task would have been this: “First, it's too big. You need to narrow your question. Second, if you do it, take a year or so to review all the work that has been done on the topic. Then come up with a summary of that and maybe a suggestion for what to do next.” But come up with a prototype in four hours? My professional training insisted that this approach lacked depth and method. But what I didn't realize was that coming up with a prototype in less than four hours is the method. While the conventional method is based on analytical penetration, then blueprinting the design, then building it, the prototyping method works differently. First clarify the question, then observe, then build in order to observe more, then adapt, and so forth.

So the prototype is not the stage that comes after the analysis. The prototype is part of the sensing and discovery process in which we explore the future by doing rather than by thinking and reflecting. This is such a simple point– but I have found that the innovation processes of many organizations are stalled right there, in the old analytical method of “analysis paralysis.”

The co-creation movement of the U journey results in a set of small living examples that explore the future by doing. It also results in a vibrant and rapidly widening network of change-makers who leverage their learning across prototypes and who help each other deal with whatever innovation challenges they face.

5. Co-evolving: Embody the new in ecosystems that facilitate seeing and acting from the whole.
Once we have developed a few prototypes and microcosms of the new, the next step is to review what has been learnedwhat's working and what isn'tand then decide which prototypes might have the highest impact on the system or situation at hand. Coming up with a sound assessment at this stage often requires the involvement of stakeholders from other institutions and sectors. Very often, what you think you will create at the beginning of the U process is quite different from what eventually emerges.

The co-evolving movement results in an innovation ecosystem that connects high-leverage prototype initiatives with the institutions and players that can help take it to the next level of piloting and scaling.

The five movements of the U apply both to the macro level of innovation projects and change architectures and to the meso and micro levels of group conversation or one-on-one interactions. In martial arts you go through the U in a fraction of a second. When applied to larger innovation projects, the U process unfolds over longer periods of time and in different forms. Thus, the team composition in such projects usually changes and adapts to some degree after each movement.

A New Social Technology: Seven Leadership Capacities

The U process feels familiar to people who use creativity in their professional work. They say, “Sure. I know this way of operating from my own peak performance experiences. I know it from people whom I consider highly creative. No problem.” But then, when you ask, “How does work look in your current institutional context” they roll their eyes and say, “No, hell, it's different. It looks more like this downloading thing.”

Why is that? Why is the U the road less traveled in institutions?

Because it requires an inner journey and hard work. The ability to move through the U as a team or an organization or a system requires a new social technology. The social technology of presencing is based on seven essential leadership capacities that a core group must cultivate. Without the cultivation of these capacities, the process described above (five movements) won't deliver the desired results.

1. Holding the Space: Listen to What Life Calls You to Do

"The key principle of all community organizing is this," L.A. Agenda's Anthony Thigpenn once told me. "You never hand over the completed cake. Instead, you invite people into your kitchen to collectively bake the cake.

"The trouble with this principle is that most meetings in most organizations work the other way around. You only call a meeting once you have completed the cake and you want to cut it and serve it. There is a reason, however, why people often shy away from convening conversational situations that are more upstream, that start with the desire for a cake rather than with the completed cake. Such endeavors require a special form of leadership. The leader must create or "hold a space" that invites others in.

The key to holding a space is listening: to yourself (to what life calls you to do), to the others (particularly others that may be related to that call), and to that which emerges from the collective that you convene. But it also requires a good deal of intention. You must keep your attention focused on the highest future possibility of the group. And finally, it takes a lot of kitchen gear. It requires you to be intentionally incomplete, to hand over the recipe, cooking tools, and ingredients rather than the finished cake. Yes, you can talk about why this is a particularly good recipe, you can add some ingredients, and you can help mix the batter, too. You can even go first if you want to. But you must intentionally leave a lot of open space for others to contribute. That's why building the U leadership capacity starts with the principle of incompleteness. You invite others to help plan the menu, not to arrive after the dessert is in the oven.

2. Observing: Attend with Your Mind Wide Open

The second capacity in the U process is to observe with an open mind by suspending your voice of judgment (VOJ). Suspending your VOJ means shutting down (or embracing and changing) the habit of judging based on past experience. Suspending your VOJ means opening up a new space of inquiry and wonder. Without suspending that VOJ, attempts to get inside the places of most potential will be futile.

Here is a case in point: In 1981, an engineering team from Ford Motor Company visited the Toyota plants that operated on the "lean" Toyota production system. Although the Ford engineers had first-hand access to the revolutionary new production system, they were unable to "see" or recognize what was in front of them and claimed that they had been taken on a staged tour– because they had seen no inventory, they assumed they had not seen a "real" plant. The reaction of the engineers reminds us how difficult it is to let go of existing ideas and beliefs, even when we find ourselves in the place of most potential.

3. Sensing: Connect with Your Heart

The third capacity in the U process is to connect to the deeper forces of change through opening your heart. I once asked a successful top executive at Nokia to share her most important leadership practices. Time and time again, her team was able to anticipate changes in technology and context. Time and again, they were ahead of the curve. Her answer? "I facilitate the opening process." This is the essence of what moving down the left side of the U is all about– facilitating an opening process. The process involves the tuning of three instruments: the open mind, the open heart, and the open will. While the open mind is familiar to most of us, the other two capacities draw us into less familiar territory.

To understand more about that territory, I once interviewed psychologist Eleanor Rosch of the University of California at Berkeley. She explained the difference by comparing two types of cognition. The first is the analytical knowledge upon which all conventional cognitive science is based. “In this state,” said Rosch, “the world is thought of as a set of separate objects and states of affairs and the human mind as a machine that isolates, stores, and retrieves knowledge as an indirect representation of the world and oneself.

”The other type of knowledge, the one that relates to the open heart and open will, is gained “by means of interconnected wholes (rather than isolated contingent parts).... Such knowing is 'open,' rather than determinate; and a sense of unconditional value, rather than conditional usefulness, is an inherent part of the act of knowing itself.” Action resulting from that type of awareness, Rosch continued, “is claimed to be spontaneous, rather than the result of decision-making; it is compassionate, since it is based on wholes larger than the self; and it can be shockingly effective.”

To awaken this other cognitive capacity in people, teams, and organizations, I have found it productive to have people work on real projects in real contexts that they care about and to support them with methods and tools that cultivate the open heart. The mind works like a parachute, as the old saying goes– it only functions when open. The same applies to the intelligence of the heart. It only becomes available to us when we cultivate our capacity to appreciate and love. In the words of biologist Humberto Maturana, “Love is the only emotion that enhances our intelligence.”

4. Presencing: Connect to the Deepest Source of Your Self and Will

The fourth capacity in the U process is connecting to the deepest source of your self and will. While an open heart allows us to see a situation from the whole, the open will enables us to begin to act from the emerging whole.

Danish sculptor and management consultant Erik Lemcke described to me his experience of this process: “After having worked with a particular sculpture for some time, there comes a certain moment when things are changing. When this moment of change comes, it is no longer me, alone, who is creating. I feel connected to something far deeper and my hands are co-creating with this power. At the same time, I feel that I am being filled with love and care as my perception is widening. I sense things in another way. It is a love for the world and for what is coming. I then intuitively know what I must do. My hands know if I must add or remove something. My hands know how the form should manifest. In one way, it is easy to create with this guidance. In those moments I have a strong feeling of gratitude and humility.”

5. Crystallizing: Access the Power of Intention

The back-stories of successful and inspiring projects, regardless of size, often have a similar story linea very small group of key persons commits itself to the purpose and outcomes of the project. That committed core group and its intention then goes out into the world and creates an energy field that begins to attract people, opportunities, and resources that make things happen. Then momentum builds. The core group functions as a vehicle for the whole to manifest.

In an interview, Nick Hanauer, the founder of half a dozen highly successful companies, told Joseph Jaworski and me: “One of my favorite sayings, attributed to Margaret Mead, has always been 'Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has.' I totally believe it. You could do almost anything with just five people. With only one person, it's hard– but when you put that one person with four or five more, you have a force to contend with. All of a sudden, you have enough momentum to make almost anything that's immanent or within reach actually real.”

6. Prototyping: Integrating Head, Heart and Hand

The sixth capacity in the U process is the prototyping skill of integrating head, heart, and

hand. When helping a golfer who has lost his swing, the master coach in the novel and film “The Legend of Bagger Vance” advises, “Seek it with your hands– don't think about it, feel it. The wisdom in your hands is greater than the wisdom of your head will ever be. “

That piece of advice articulates a key principle about how to operate on the right side of the U. Moving down the left side of the U is about opening up and dealing with the resistance of thought, emotion, and will; moving up the right side is about intentionally reintegrating the intelligence of the head, the heart, and the hand in the context of practical applications. Just as the inner enemies on the way down the U represent the VOJ (voice of judgment), the VOC (voice of cynicism), and the VOF (voice of fear), the enemies on the way up the U are the three old methods of operating: executing without improvisation and mindfulness (reactive action); endless reflection without a will to act (analysis paralysis); and talking without a connection to source and action (blah-blah-blah). These three enemies share the same structural feature. Instead of balancing the intelligence of the head, heart, and hand, one of the three dominates– the will in mindless action, the head in endless reflection, the heart in endless networking.

An interesting detail during this stage is that the sequence in which the new shows up in the human mind is contrary to conventional wisdom. (1) The new usually begins with an unspecified emotion or feeling. (2) That feeling morphs into a sense of the what: the new insight or idea. (3) Then the what is related to a context, problem, or challenge where it could produce a breakthrough innovation (the where: the context). (4) Only then do you begin to develop a form in which the what and the where are framed by a rational structure and form of presentation (the why: rational reasoning). This sequence can be traced in almost any type of breakthrough innovation. The biggest mistake when dealing with innovation is to first focus on the rational mind. In order for a new insight to emerge, the other conditions must already exist. In short, connecting to one's best future possibility and creating powerful breakthrough ideas requires learning to access the intelligence of the heart and the hand– not just the intelligence of the head.

7. Performing: Playing the Macro Violin

The seventh capacity in the U process is learning to play the macro violin. When I asked him to describe presencing-type moments from his music experience, the violinist Miha Pogacnik told me about his first concert in Chartres. “I felt that the cathedral almost kicked me out. 'Get out with you!' she said. For I was young and I tried to perform as I always did: by just playing my violin. But then I realized that in Chartres you actually cannot play your small violin, but you have to play the 'macro violin'. The small violin is the instrument that is in your hands. The macro-violin is the whole cathedral that surrounds you. The cathedral of Chartres is built entirely according to musical principles. Playing the macro violin requires you to listen and to play from another place, from the periphery.

You have to move your listening and playing from within to beyond yourself.

”Most systems, organizations, and societies today lack the two essentials that enable us to play the macro violin: (1) leaders who convene the right sets of players (front-line people who are connected with one another through the same value chain), and (2) a social technology that allows a multi-stakeholder gathering to shift from debating to co-creating the new. Still, there are many examples of how this capacity to act and operate from the larger whole can work. One is in disaster response. When a disaster occurs, other mechanisms (like hierarchy) don't exist or aren't sufficient to deal with the situation (like markets or networked negotiation). In these situations we see the emergence of a fourth mechanism of coordinating– seeing and acting from the presence of the whole (figure 2).In summary, the seven Theory U leadership capacities are the enabling conditions that must be in place for the U process and its moments to work (figure 4). In the absence of these seven leadership capacities, the U process cannot be realized. These seven Theory U leadership capacities are practiced today in the following examples of multi-stakeholder innovation and corporate applications. You are also invited to

learn more about the Presencing Institute, which is dedicated to advancing these new social technologies by integrating science, consciousness, and profound social change into a coherent methodology of sensing and co-creating the future that is seeking to emerge.

Figure 4. **A New Social Technology with Seven Leadership Capacities:** The ability to move through a U process as a team, an organization, or a system requires a new social technology, presencing, an inner journey and intimate connection that helps to bring forth the world anew.

Applications

Many projects using Theory U have been launched recently or are well under way. Here are a few of the early examples and some of their first results.

I. Multi-stakeholder Innovation

Transforming a Regional Healthcare System, Germany

In a rural area of approximately 300,000 inhabitants near Frankfurt, Germany, a network of physicians applied the U process in several ways, including in a patient-physician dialogue forum. When negotiations between the physicians' network and the insurance company stalled, the core group of physicians invited other physicians and their patients to a one-day meeting designed around the U process. In preparation for the meeting, a group of students trained in dialogue interviews spoke with 130 patients and their physicians. Then they invited all of the interviewees to a feedback session, which 100 of them attended.

During this event and afterward, the patients and physicians moved from politeness and debate to real dialogue and thinking together. The initiatives formed or crystallized during this day had a profound impact on the region. One group proposed a standard format for transferring information between hospitals and outside physicians and has since opened an office for the outside physicians at the largest hospital in the region. It is jointly run by the clinic and residential physicians and works to improve critical interface between the two.

The group also prototyped and then institutional-ized 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.

ELIAS: Creating a Global Innovation Ecosystem (www.elias-global.com)

ELIAS (Emerging Leaders for Innovation Across Sectors) is a network of twenty global business, government, and civic organizations dedicated to finding productive solutions to the most confounding dilemmas of our time. Each member is a powerhouse in its realmBASF, BP, Oxfam, Nissan, the Society for Organizational Learning, Unilever, the UN Global Compact, UNICEF, the World Bank Institute, and the World Wildlife Fund, among others.

Together ELIAS members are examining problems by combining systems thinking, deepened personal awareness, and listening skills with hands-on prototyping in order to develop and test new cross-sector approaches to some of today's most difficult challenges. The ELIAS pilot program convened a group of 25 high-potential leaders from these organizations and sent them on an intensive learning journey that included training in leadership capacity building and hands-on systems innovation. After shadowing each other in their work environments (each fellow spent several days in the life of one or more peers in another business sector), the group traveled to China in the fall of 2006, where they engaged in discussions with Chinese thought leaders, consulted with sustainability engineers, journeyed to rural China to observe emerging

challenges, and capped the trip with a week of contemplative retreat.

- One of the prototyping projects developed by the ELIAS pilot group is the Sunbelt team, which is exploring methods for bringing solar- and wind-generated power to marginalized communities, especially in the global South. This decentralized, distributive, democratic model would significantly reduce CO2 emissions and foster economic growth and well-being in rural communities.
- Another team is testing alternative energy resources, such as the indigenous development of renewable and hybrid sources of power for the Chinese automotive industry.
- An Africa-based team is testing mobile community-based life education as a way to uproot the HIV/AIDS pandemic.
- An ELIAS fellow from the Indonesian Ministry of Trade applied the U process to government policies for sustainable cacao production in Indonesia. His idea was to involve all key stakeholders in the policymaking process. The results were stunning: for the first time ever the Ministry succeeded in setting commodity prices in a way that did not result in violent protests or riots by farmers or other key stakeholders in the value chain. The Indonesia-based ELIAS team plans to launch a country version of the ELIAS cross-sector innovation platform in early 2008 that will focus on the severe flooding problems in Jakarta.
- A Brazil-based team is focused on integrating the whole demand-and-supply chain for organic agricultural products. They are creating infra-structures, raising awareness, and building skills and support networks of small farmers using organic agricultural methods. The goals include improving contractual fairness and creating a transparency that allows the entire value chain, from the farmers to the consumers, to see one another, connect, and co-evolve. The ELIAS team from Brazil also intends to launch a country version of the ELIAS innovation platform in Brazil in 2008.
- In the Philippines, one ELIAS fellow of Unilever teamed up with former colleagues who now work in the NGO sector to form a venture (MicroVentures) that advises and finances women micro-entrepreneurs in the Philippines by leveraging the Unilever business and its network at the community level.

What started as an idea by a few people two years ago has turned into a vibrant and rapidly evolving global network of change-makers and prototyping projects. In addition to company-city- and country-specific projects and programs, ELIAS fellows have developed a global ecology of prototyping initiatives and an alumni network of high-potential leaders in some of the most innovative institutions in business, government, and the NGO sector. Together, this global network hopes to use a web of activities develop the capacity to respond to some of the key challenges of our time in truly innovative ways (Field 4 responses).

Other outcomes of participation in the ELIAS program include:

1. Prototypes of cross-sector innovation that address the shared challenges of
- creating value for the triple bottom line– the environment, society, and the
- economy– with the ultimate goal of advancing global sustainability

2. A steadily growing network of leaders from the public, private, and civic sectors
- that will enhance and accelerate the benefits to individual members

3. Information and ideas for innovative solutions to individual members'
- challenges

4. An enhanced capacity among leaders to deal with the complexity of globalization
- and sustainable development through practical innovations.

Zambia: Cross-sectoral Leadership for Collective Action on HIV and AIDS

This initiative was formed by a cross-sectoral group of leaders seeking to have a profound and lasting impact on HIV and AIDS in Zambia. Their goal is to shift the systemic undercurrents that fuel the pandemic. They hope to achieve a breakthrough in thinking and action that can be applied to other areas and regions. Possible prototyping projects being considered:
- changing the mind and heart of the president of

Zambia about HIV/AIDS, perhaps by offering to provide him with an HIV advisor;
• "waking up" other leaders and change makers across society;
• changing the role of the media in Zambia;
• motivating people to get tested for HIV/AIDS, perhaps by making counseling mandatory for those who test positive;
• finding new ways to care for and educate youth who must grow up without parents.

The Sustainable Food Lab (www.sustainablefoodlab.org)
The Sustainable Food Lab (SFL) comprises leaders from more than 100 organizations 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. Current members include individuals from the following companies: Carrefour, General Mills, Nutreco, Organic Valley Cooperative, Rabobank, Sadia, Costco, US Foodservice, SYSCO, and Unilever; from governmental organizations in Brazil and the Netherlands, plus the European Commission, the International Finance Corporation, and the World Bank; from civil society organizations including the National Confederation of Agricultural Workers of Brazil, Oxfam, The Nature Conservancy, the World Forum of Fish Harvesters and Fishworkers, and the World Wildlife Fund. The Lab's prototyping projects are addressing supply chain innovations, demand pull for sustainability, purchasing standards, and policy changes.

Meso-Finance Project
In cooperation with the d.o.b. Foundation in the Netherlands, the project aims to connect markets around small business finance in developing countries. Small and medium-sized enterprises (SME's) are recognized as a strong driving force for economic, environmental, and social development in the developing and industrialized worlds. Currently they are often prevented from realizing their full business potential because of inefficient financial markets that leave this target group unserved. In this multi-stakeholder process, local, national, and global market players apply the U process in order to connect expertise, capital, and technology in such a way that lasting access to finance and business support for sustainable SME's can be realized. This project is currently in the design phase.

The African Public Health Leadership and Systems Innovation Initiative
This initiative will develop a replicable model for improving public health leadership and system performance using an approach called the Innovation Lab. The Innovation Lab increases leaders' effectiveness by cultivating their managerial skills and by addressing the attitudes, values, and relationships that drive behavior. It stimulates system change by enabling cross-sectoral leadership teams to take advantage of new opportunities and to clear bottlenecks.

The Innovation Lab in Namibia will convene healthcare leadership teams from government, business, and civil society. Teams will be guided through an intensive leadership development and project-based learning experience over two years. The pilot project of this approach seeks to benefit people who are underserved by current healthcare systems, particularly those living on less than $2/day. The proposal has been co-created by the Synergos Institute, the Presencing Institute, Generon Consulting, and McKinsey & Company in collaboration with partners in the global South and has been submitted to the Bill and Melinda Gates Foundation for funding.

II. Corporate Applications

Hewlett- Packard
HP has applied Theory U in change efforts within its digital photography business portfolio, focusing on improving the customer experience and cross-category business strategies. In 2005, HP launched an effort to improve the value of its digital photography products and services by

designing compelling customer experiences across its broad portfolio. Although originally designed to focus on customer experiences, interviews with executives revealed that delivering satisfying customer experiences would require substantial cross-category and cross-value chain strategy development and alignment. A more holistic change effort was then developed and launched, consisting of four tracks: (1) an Executive Leadership track to address executive learning and leadership, including management of portfolio objectives and leading interdependent cross-business programs; (2) an Experience Design Operating Model to address governance, decision-making, collaboration, and lifecycle processes; (3) an Experience Design track to develop the design capabilities and capacity required to meet business goals; and (4) an Organizational Development track to grow the broader organizational culture in support of the previous three tracks.

In the Executive Leadership track, an initial workshop established a common ground perspective of the digital photography opportunities and challenges. This workshop also established a learning agenda that served as the foundation for executive learning journeys. Based on the initial positive results of the digital photography effort, HP is now pursuing a broader use of Theory U in change efforts in its Imaging and Printing Group.

Royal Dutch Shell

Shell has applied some key elements of Theory U in change efforts at Shell EP Europe. In 2005 the organization was experiencing significant problems getting its new Plant Maintenance process to work. One site, a gas plant in the Netherlands, with about 60 staff members, was selected to be the pilot site for diagnosing what was going on. Interviews with Shell staff revealed that the problems in the organization, while being attributed to new SAP software, were more likely symptoms of the way people were working together.

The rich material gained from the interviews allowed a team of internal consultants to develop a number of “what's in it for me?” propositions as a way of tapping into people's feelings. The propositions, in the form of cartoons, were used in two small focus groups of six or seven people to help Shell staff visualize a different future. In the focus group dialogues, Shell employees were able to express some of their deeper feelings about working at the plant and about SAP. They expressed a desire for less conflict during the workday, and they welcomed ideas for a new approach to organizational effectiveness. Instead of seeking any specific business targets, the team sought to create a better environment for learning, innovation, and change. The results of that approach proved to be powerful and sustainable. Says Jurry Swart of Shell: “After a couple of months we saw the output KPI's [key performance indicators] of the process improving. Furthermore we saw a cultural change in the whole organization, from being negative and skeptical to one of inquiry and keenness to move forward. A survey of the Shell participants revealed greater motivation and reduced frustration at the gas plant site.”

Leadership Development (www.ottoscharmer.com)

With his colleagues, Otto Scharmer has developed and conducted award-winning leadership development programs based on the U process in institutions around the world, including Daimler, PricewaterhouseCoopers, and Fujitsu. More than 150 leaders from each organization have participated in these programs to date, and together they function as an important network for communication and peer coaching on business innovation and transformational change.

For example, at Daimler, all newly promoted directors use the U method to deal with their business and leadership challenges better and faster. As they begin their new posts, they explore their network leadership challenge by conducting dialogue interviews with all of their key stakeholders in order to see their new jobs from the perspective of others. Each new director is encouraged to ask four questions:

1. What is your most important objective, and how can I help you realize it?

2. What criteria will you use to assess whether my contribution to your work has been successful?
3. If I were able to change two things in my area of responsibility within the next six months, what two things would create the most value and benefit for you?
4. What, if any, historical tensions and/or conflicting demands have made it difficult for people in my role or function to fulfill your requirements and expectations?

With the answers to these questions in hand, the directors gather for a five-day U-based workshop that helps them to connect more deeply to their challenges, to one another, and to themselves. The workshop and follow-up activities include case clinics, dialogue, peer coaching, and a room of intentional silence. Directors who experienced this learning environment have reported personal behavioral changes (such as better listening skills and a greater capacity to deal with pressure) that have led to new leadership techniques, behaviors and results. They have used many of these skills in their own areas of responsibility and are beginning to apply them to organizational and sustainability--related change.

III. Presencing Institute

The Presencing Institute is a global community of individuals, institutions, and initiatives that apply and advance the U process of presencing to collectively create profound innovation and change. It is composed of key players and leaders from business, government, and civil society who are at the core of the rapidly evolving project ecology described above. The Presencing Institute focuses on refining the social technology of presencing and making it available to all change-makers who want to operate from a future space of possibility that they feel wants to emerge.The Presencing Institute will offer regular public capacity-building programs in the global North and global South (North America, South America, Europe, Africa, Asia, Australia) beginning in 2007 and 2008. It aspires to create a global constellation of “power places” or “planetary acupuncture points” that function as holding spaces and a supporting infrastructure for an incipient global movement that integrates science, consciousness, and profound social change.

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