Reinventing Organizations: Upgrade Your Organization to the Next Stage of Consciousness

Live Session Date June 16, 2015

Presenter: Frederic Laloux - Adviser with Corporate Leaders who Feel Called to Explore Fundamentally New Ways of Organizing

Quotable Quotes/Tweets:

"Could we invent a more powerful, more meaningful way to work together, if only we change our belief system?" Frederick Laloux#wbecs15

"When trust is extended, it breeds responsibility in return" Frederick Laloux#wbecs15

“Consensus comes with another flaw. It dilutes responsibility.” Frederick Laloux#wbecs15

"Culture is how things get done, without people having to think about it." Frederick Laloux#wbecs15

Overview:

A former Associate partner at McKinsey and company, Frederick holds an MBA from Insead and a degree in Coaching from Newfield Network in Boulder, Colorado. He has published his research in the field of emerging organization models in the book Reinventing Organizations, which has been described as "ground-breaking, brilliant, spectacular, world-changing and a leap in management thinking" by some of the most respected scholars in human development. He lives in Brussels with his wife Helene and two children.

Frederick introduces his talk by saying that he is going to talk about the context in which coaching happens, but not about coaching itself. He lays out the following learning outcomes from his talk:

- different stages of organization development
- which stages the organizations you are working with are at
- common pitfalls of coaching (coaching at a different level than the organization)
- the kind of organizations you are called to work with (and those that you don’t!)
- how you can (and cannot!) help move an organization to a new stage

Frederick postulates that stages in human development are not linear, but in distinct stages, with each stage being a 'leap of consciousness'. In each stage, everything gets changed, including religion, technology, social contracts and organization models.
Borrowing a color scheme from the English philosopher Rober, he illustrates the stages of organization development as depicted below.

The **Magic/Tribal** stage, characterized by Red color, developed 10,000 years ago:
- World view: the world is a dangerous place; the way to safety is **power**
- Symbol: Wolves fighting
- Key breakthroughs: Command Authority, Division of Tasks

Red organizations are based on the principle of Fear. When a boss becomes vulnerable, a new one emerges.
Examples: Street Gangs, Mafia, Mercenaries

The **Traditional/Agrarian** stage, characterized by Amber color, developed 5000 years ago:
- World view: the world is governed by **immutable laws**
- Symbol: Soldiers marching in formation
- Key breakthroughs: Formal hierarchy, Replicable processes

Amber organizations are rule driven. You are either in it or you are an outcaste. With these organizations, it is possible to scale up, using scale up.
Examples: Catholic Church, Army, Government Agencies, public school systems

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The **Scientific/Industrial** stage, characterized by Orange color, emerged 500 years ago:
- World view: the world is **complex clockwork**; the better we understand it, the more profit we can reap
- Symbol: complex machinery
- Key breakthroughs: Innovation; Accountability; Meritocracy

Orange organizations have R&D for Innovation, and MBO (Management by Objectives) as the management paradigm. The person who best understands the complexity makes it to the top. We use engineering metaphors in such organizations (“well-oiled machine”, “organization levers” etc).

Examples: Global Corporates, Wall Street

The **Post Modern/Information** stage, characterized by Green color, emerged 50 years ago:
- World view: the world is made of **relationships**
- Symbol: family
- Key breakthroughs: Value-driven culture; Empowerment; Stakeholder model

Green organizations are culture driven and have the softer side of management (not just hard budgets and targets)

Examples: Starbucks; Southwest Airlines; Ben and Jerry's

Emerging today, characterized by Teal color, is the next stage (not named):
- World view: the world is a place where the individual and the collective unfold to their true nature
- Symbol: living organism
- Key breakthroughs: Self Management, Wholeness, Evolutionary Purpose

Teal organizations do not follow standard business school practices and have very new kinds of structures, with no hard budgets or organization charts. Their leaders demonstrate a lot of listening and the organization is a very dynamic and evolving/adapting entity, much like a living organism. These organizations are not as well known today, but they all have surprisingly common characteristics.

Examples: Sounds True (Media), Favi (automobile), RHD (Human Support)

Every new stage is inclusive of previous stages and is more successful than the previous ones. For an organization to move from one stage to another, the CEO or top leadership has to change/evolve to the next stage.

Most organizations today are Amber or Orange. The bulk of the consulting work today happens for moving from Amber to Orange: hard aspects (Targets, accountability) and soft aspects (Talent development, Leadership development). Some consulting work also is used to add Green aspects to Orange: hard aspects (Team based KPIs) and soft aspects (Culture Transformation, Team building, Inside Out leadership).
The latest Gallup poll shows only 13% of employees worldwide are engaged. No surprise then that coaching often results in people growing up beyond their roles and leaving the organization they are in, typically from Amber and Orange organization to the Green and Teal ones.

To help us practice the understanding of how the different color organizations behave, Frederick illustrates their behaviors for some common themes by prompting the audience to think for a couple of minutes, before sharing his own thoughts:

1. Leadership
   a. Red: Fear based
   b. Amber: Rule based
   c. Orange: Heroic (inspiring, strategic)
   d. Green: Servant (empowering, humble)
   e. Teal: Personal (inside out)

2. Organization Structure
   a. Red: Fluid, Personality based
   b. Amber: Rigid Pyramid
   c. Orange: Pyramid with heavy staff and tunnels through the walls
   d. Green: Empowered pyramid
   e. Teal: Self managing teams

3. Decision Making
   a. Red: Top down (Impulsive)
   b. Amber: Top down (Rule based)
   c. Orange: Top down (Analytical)
   d. Green: Top down and Consensus
   e. Teal: Advice process (from experts and stakeholders)

4. Compensation strategy
   a. Red: Boss can give or take away
   b. Amber: Fixed salary by rank
   c. Orange: Pyramid with heavy staff and tunnels through the walls
   d. Green: Empowered pyramid
   e. Teal: Self managing teams

5. Promotion criteria
   a. Red: Boss' darling moves up
   b. Amber: Right background, criteria
   c. Orange: Best Achiever
   d. Green: Most respected by peers
   e. Teal: Natural role allocation (no hierarchy)
6. Corporate Transformation
   a. Red: Not applicable
   b. Amber: Back to our roots
   c. Orange: Diagnose/Design/Communicate
   d. Green: Culture Transformation
   e. Teal: Not needed (constantly adapting)

In the end, Frederick asks the audience to reflect on the following questions for deepening their awareness of the context of their coaching:
1. What stages do you feel called to work for?
2. At what stage are your clients?
3. What language do you use to talk about your coaching?
4. How do you keep yourself sane if you coach at a level different from the stage of the organization?

Notes submitted by
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Presenter: Fredrick Laloux – Read more: http://wbecs.com/frederic-laloux/