

Leading from the Emerging Future

Minds for Change – Future of Global Development

Ceremony to Mark the 50th Anniversary of the BMZ

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Honorable State Secretary, Excellencies,

I would like to start with a quote that articulates a feeling that I have found in many leadership teams in government, in business, and in NGOs. Speaking in Philadelphia in 1994, President of the Czech Republic Vaclav Havel said: *"I think there are good reasons for suggesting that the modern age has ended. Today, many things indicate that we are going through a transitional period, when it seems that something is on the way out and something else is painfully being born. It is as if something were crumbling, decaying, and exhausting itself – while something else, still indistinct, were rising from the rubble."*

What is crumbling, decaying, and exhausting itself today is an old way of solving problems, of building institutions and societies. And what is seeking to emerge is a new way of regenerating our social fabric that in many places has fallen apart.

Regardless of the culture or sector we come from, we all share one characteristic: we participate in large systems in which we collectively create results that nobody wants. *We collectively create results that nobody wants.* Here are three figures that indicate how we're destroying some of the features of society that we claim to hold most dear: our planet; our society; and our spirit.

The number 1.5 represents our ecological crisis. Although we have only one planet Earth, we deplete and degrade our natural capital on a massive scale, using up more resources every year. We live as if we have more than one planet at our disposal, using the equivalent of 1.5 planets just to meet our current consumption. As a consequence, we have seen one third of our agricultural land disappear over the past 40 years, and we see rapidly falling water tables that bring us on a path towards food supply crises, food riots, and an expected doubling of food prices by 2030.

The number 2.5 represents our social crisis. Two and a half billion people on our planet live in poverty. There have been many successes at lifting people out of poverty, but this number, 2.5, has not changed much over the past few decades.

The number 3 represents our inner or spiritual crisis. According to the World Health Organization (WHO), three times as many people die from suicide as die from homicide or in wars. Although men and women are fighting wars around the world, three times more people kill themselves than kill others. The inner crisis also manifests in many other forms including rapidly growing figures for burn out and depression that both indicate an increasing gap between our exterior activities and our interior sources of creativity and presence.

These three dimensions of collectively creating results that nobody wants constitute the most significant institutional and leadership failure of our time.

What did we learn about addressing these issues throughout the 20th century?

What we did in the 20th century is create dedicated singular ministries for each of these problems in government; we created dedicated NGOs for each of these issues in civil society, and we created dedicated university departments and academic career paths for each of these issues. Today we know that this silo type of approach of one issue at a time isn't working—on the contrary, it seems to be a certain path to failure.

What sort of leadership will it take to solve them?

With that question in mind, I went to MIT some 15 years ago. Since then I have been immersed in many large systems change projects and also in research that allowed me to interview 150 of the world's thought leaders and innovators on profound innovation and change.

What I learned from these years is that there are two fundamentally different sources of learning. The first is learning from the past. The second is learning from the future as it emerges.

All major learning methodologies today reflect on the experiences of the past, including those used by Peter Senge, Ed Schein, and Chris Argyris.

But we need more than that. Sometimes the past is not very helpful. Sometimes the experiences of the past are themselves obstacles to coming up with new ideas.

So I set out on a 15-year path that led me to the conclusion that real innovators operate using that second type of learning process. They learn from the future as it emerges.

The economist Brian Arthur explained to me how to gain access to this second type of knowing using a three-step process. The first step he called *observe, observe, observe*. What does it mean? It means stop downloading and totally immerse yourself in the places of most potential, in the places that matter most to the situation you are dealing with.

Second, *retreat and reflect, allow the inner knowing to emerge*. He also said *go to the places of stillness where knowing comes to the surface*. Here you share and reflect on everything that you have learned from a deep place of listening, asking “what wants to emerge here?” and “how does that relate to my and our journey forward? So the key question is: how can we become a part of the story of the future rather than holding on to and embodying the story of the past?”

And third, when a spark or two appears, *act in an instant*. Explore the future by doing. Develop a prototype. A prototype explores the future by doing something

small and quickly that generates feedback from all the key stakeholders and allows you to evolve the idea.

But that process only works if you attend to a deeper process of leadership. Here is how one of my interviewees talked about it.

The late CEO of Hanover insurance, Bill O'Brien, summarized his experience of leading transformational change as follows: *The success of an intervention depends on the interior condition of the intervenor.* The success of what I do as a leader depends on the inner place from which I operate.

So what we learned is that what counts is not the What and not the How but the Who — the inner place from which we operate.

Five Principles of Presencing

Let me now summarize the deeper framework of institutional innovation and change with a few core points.

The essence of this approach can be summarized with a single sentence: *the quality of our results in a system is a function of the awareness from which the people in that system operate.* The essence of Theory U is not: I think therefore I am. It is: *"I attend this way, therefore it emerges that way."*

The following five points apply to how we can shift that inner place of operating.

- (1) First, we have to apply the processes of observe observe; retreat and reflect; and act in an instant through prototyping.
- (2) Second, to make this work in the context of institutions, we have to apply a new leadership technology. The core of this new leadership technology requires tuning three instruments: the open mind, the open heart, and the open will. The open mind is the capacity to suspend old habits of thought. The open heart is the capacity to empathize, to see a situation through the eyes of someone else. And the open will is the capacity to let go of old ways of doing things and accept new ones. I call this "letting go and letting come."
- (3) At the source of this new leadership technology are the two root questions of creativity: *Who is my Self?* and *What is my Work?* And as you can see, the Self is not the small "s" self, the ego, but the capital "S" Self, my highest future possibility. And the work is not the small "w" work that is my job, but the capital "W" Work, which is my sense of purpose or calling. It's what I am here on this earth to do.
- (4) Why is this the road less traveled? Why is it that most people are aware of this deeper process and yet it rarely happens in the context of our larger

systems? The answer, I believe, is that the moment we commit ourselves to going on this journey we encounter three enemies: the *voice of judgment* (VoJ: shutting down the open mind), the *voice of cynicism* (VoC: shutting down the open heart), and the *voice of fear* (VoF: shutting down the open will).

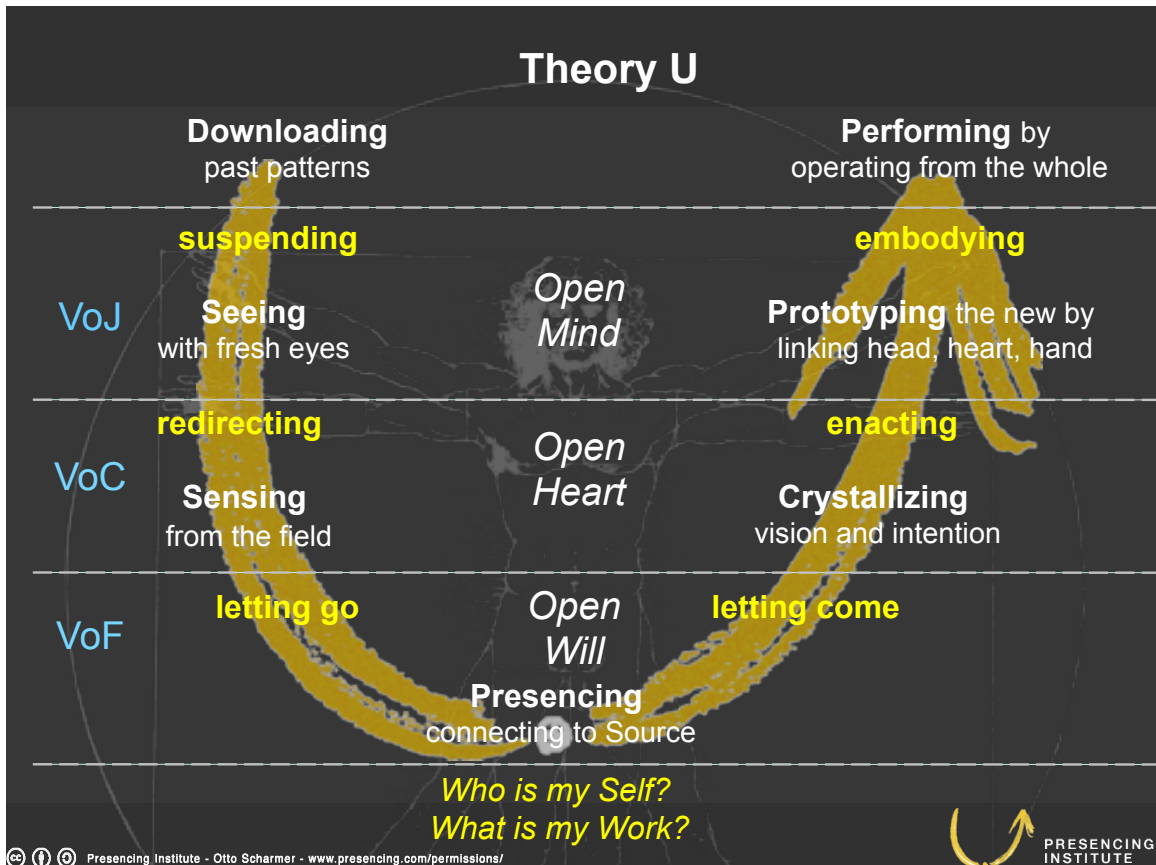


Figure 1: Theory U: Leading from the Emerging Future

(5) *Social reality emerges from the interplay of two different social fields.* The first field is about the coming into being of the new. This field works through the opening of the mind, the heart, and the will. We call this the cycle of presencing. But everyone who works in real institutions and systems knows that there is another field out there. That field is characterized by getting stuck with the idea of One Truth rather than operating with an Open Mind, getting stuck in one collective Us vs. Them temperament rather than operating with an Open Heart, and getting stuck or frozen in one rigid identity or intention rather than operating with an Open Will.

What do we call social systems that show these three characteristics: stuck in one Truth, one Us, one Will? Fundamentalist. Fundamentalism is the result of closing down your mind, heart, and will. I call this second field the cycle of “absencing.”

The cycle of absencing unfolds through blinding and denial rather than seeing; entrenching and desensing rather than sensing; holding-on instead of letting-go. By doing these things, we create an illusionary map of reality that results in killing the new instead of birthing and co-creating it.

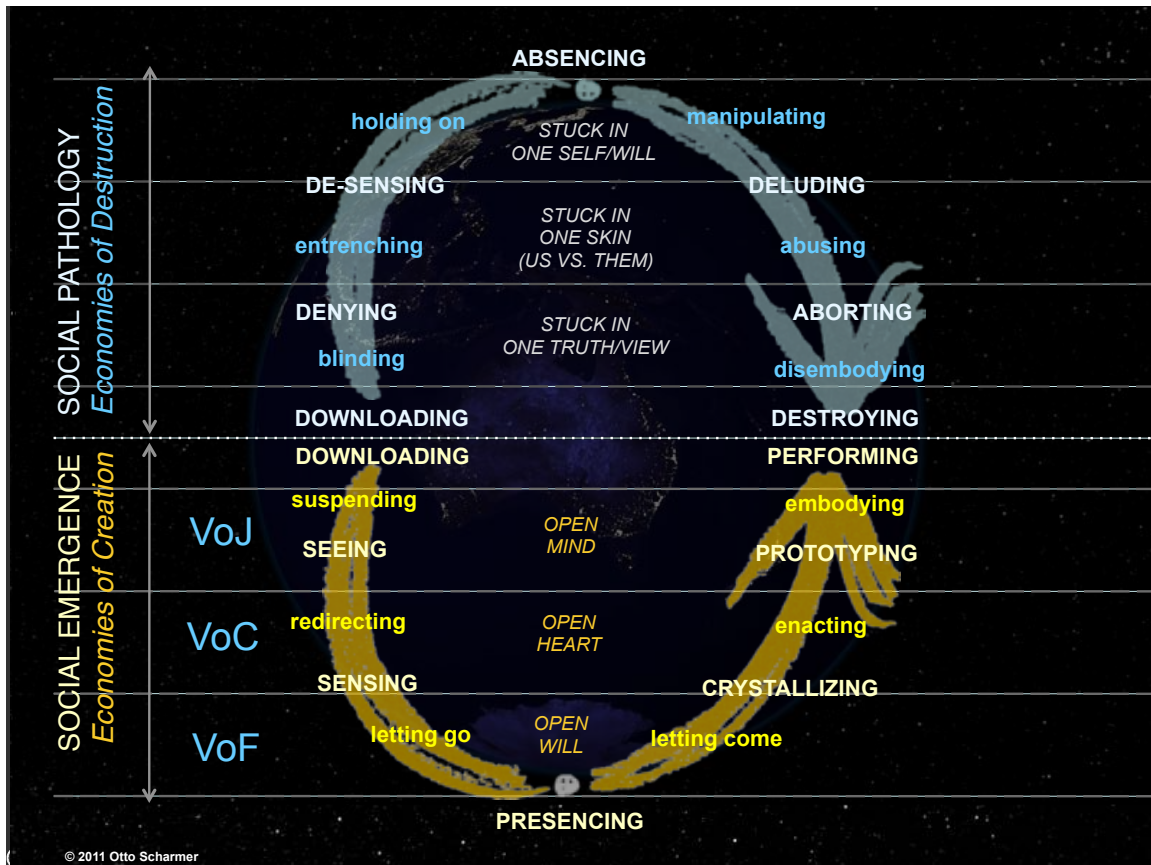


Figure 2: The social spaces of emergence (presencing) and pathology (absencing)

What's so interesting today is that our complex institutions include both of these fields, the space of social emergence and the space of social pathology. Many of us individually and in small groups operate in the yellow space of presencing. Yet, collectively, we tend to operate in the blue space of absencing as evidenced in the widening of the three divides discussed earlier.

So what can we do to bridge the three divides and strengthen the capacity of systems to move from the blue (space of absencing) to the yellow (space ,of presencing)?

This story from Namibia is a good illustration of how to bridge these divides.

I was invited by the Ministry of Health and Social Services in Namibia to facilitate a workshop with the national cabinet. The ministers and deputy ministers explained their circumstances to me as follows: They said, “Look, here is what we face. We have all these long-term and short-term planning processes, and yet we know that our governmental system and the services that we deliver are largely disconnected from the real needs in the communities. We also have a disconnect between the political leadership and the civil servants. And the third problem we have is that we work in isolated silos among all our Ministries that are replicated within our Ministries as well. What can we do?”

First, we helped the Ministry of Health and Social Services to assess the problems in their own system. They identified a number of bottlenecks. After that, they requested a leadership capacity-building program for the team at the top, which our team provided as a quarterly leadership development forum. We also facilitated a multi-stakeholder project that focuses on maternal health.

In the “sensing phase” of the maternal health project, the project team went into the field to experience the system firsthand by walking in the shoes of all the key stakeholders, including the frontline nurses and remote patients. They came back and shared what they learned with the others.

Then the team moved into the “presencing phase”. In a retreat, they reflected deeply on everything they had learned in the sensing phase and how it related to their own journey. They connected with the deeper personal contexts and stories that each person brings. They also realized how much their own story was interwoven with the evolutionary challenges of their health system. In the concluding part of the retreat they developed five prototyping initiatives that focused on three main areas: access, capacity building, and user mindsets.

They tested and developed these prototyping ideas in one region. Then they took the best ideas that came out of that first round of prototyping work and applied them to other regions in the country. To date, half the regions in the country are in the process of implementing these institutional and practical innovations, including the creation of a cross-functional and cross-organizational innovation hub called a “regional delivery unit” that brings together key decisionmakers every week in order to support fast-cycle prototyping and learning.

What we discovered together in Namibia was that the leaders of the system needed to go on a journey of transforming their connections with each other, with the larger system, and with themselves.

The three divides that mark our current global crisis are an expression of a required next step in evolving our institutions of government, business, and civil society.

In terms of our economic development, we have moved from a 1.0 stage of centralized single-sector economies to a 2.0 stage that gave rise to the private sector

and a laissez-faire type of market economy. We then moved to a 3.0 stage, a social market economy that is based on the interplay of three conflicting sectors—business, government, and civil society—that are largely organized around special interests. I see our current global crisis as a call to continue our societal evolution to a 4.0 stage that would move us from conflict to co-creation among the sectors, and that would allow us to address the three divides by innovating at the scale of the whole system.

We saw in Namibia that this journey requires people to change the inner place from which they operate. They need to move from an **ego**system awareness to an **eco**system awareness. We learned in Namibia and other places (a) that this change is possible and (b) that it requires a supporting infrastructure.

What inspires me in this Forum is that we, as a community of leaders, have the opportunity to identify the seeds of the future that reside in some of the stories that we are hearing today, and bring them into the mainstream by applying them to the three global divides of our time. Thank you very much.