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**LEADING
FROM THE
EMERGING
FUTURE**

**From Ego-System
to Eco-System Economies**



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Source: Connecting to Intention and Awareness

This chapter talks about the deepest level of the “current reality iceberg,” which we call the Source level or the level of intention and awareness. The visible level of an iceberg is the area above the waterline. We equate this with “surface symptoms” in a society (see chapter 1). Beneath those visible symptoms are structural disconnects that give rise to the systemic limits that we are hitting as a global civilization today (see chapter 2). In chapter 3, we looked at the paradigms of economic thought that lead to these structural problems, which we summarized in the Matrix of Economic Evolution (see table 3). This chapter explores the source level of social reality creation—how to connect to the source of the future that is wanting to emerge.

The Blind Spot III: Source

In 1996, our MIT colleague and friend Peter Senge told us about a conversation he had had with the Chinese Zen master Huai-Chin Nan, also called Master Nan, in Hong Kong:

In China he’s considered an extraordinary scholar because of his integration of Buddhism, Taoism, and Confucianism. I asked him if he thought that the industrial age was going to create such major environmental problems that we would destroy ourselves and whether we had to find a way to understand these problems and change industrial institutions. He didn’t completely agree with that. It wasn’t the way he saw it. He saw things on a deeper level, and he said, “*There’s only one issue in the world. It’s the reintegration of mind and matter.*” That’s exactly what he said to me, “the reintegration of mind and matter.”¹

When those words had penetrated my mind, I (Otto) felt as if they had pierced a veil that had kept me from seeing reality more deeply. In a

flash I visualized a social field that on its surface displayed the current symptoms of societal pathology, and beneath the surface contained the deeper sources from which these symptoms arose.

What if all symptoms at the surface level were a function of a split on a deeper level, which for now we are calling “the source”?

What does “reintegration of mind and matter” mean when we are talking about the social field, the levels of collective behavior that we enact as a global community? Does it mean reintegrating “action” and “awareness” in order to address the challenges of our time? Does it mean that we need to close the feedback loop among outcomes, action, and thought on the level of whole systems?

A Conversation about Mind and Matter

Three years later, in the fall of 1999, I had the opportunity to interview Master Nan in Hong Kong. He said that the twentieth century lacked a central cultural thought that unified society and life, and he saw the world sinking ever more deeply into a technology- and money-driven materialism. He also saw the beginnings of a new spirituality. He said: “It will definitely go this way, spiritual. But this path will be different from the spiritual path of the past, either in the East or in the West. It will be a new spiritual path. It will be a combination between natural science and philosophies.” But this new spirituality, he thought, would still be deeply connected to the deeper dimensions of our humanity: “It will always go back to some of these questions. What is the purpose of life? What is the value of life? Why do we exist?”

Later that day I learned from his students that Master Nan had just published a reinterpretation of Confucius’s “Great Learning” essay, one of two central texts in Confucianism. In its commentary, Master Nan points out that leaders, in order to do their best work, have to learn to access seven states of leadership awareness. The central section of the “Great Learning” essay reads like a U-in-action process from macro to micro and then back:

The ancients who wished to illustrate illustrious virtue throughout the world, first ordered well their own States.

Wishing to order well their States, they first harmonized their families.

Wishing to harmonize their families, they first cultivated their persons.

Wishing to cultivate their persons, they first rectified their hearts.

Wishing to rectify their hearts, they first sought to be sincere in their thoughts.

Wishing to be sincere in their thoughts, they first extended to the utmost their awareness.

Such extension of awareness lay in the investigation of the underlying matrix of mind and matter.

The underlying matrix of mind and matter being investigated, awareness becomes complete.

Awareness being complete, thoughts then become sincere.

Thoughts being sincere, hearts then become rectified.

Hearts being rectified, persons then become cultivated.

Persons being cultivated, families then become harmonized.

Families being harmonized, states then become rightly governed.

States being rightly governed, everything under heaven then comes in balance.²

While Confucianism is often understood to emphasize good followership and not fighting authority, Master Nan claims that this is not how “The Great Learning” should be interpreted. “The important part is to actually understand yourself, understand your opening process.”

The Tao of Leadership

Later that day we reconvened around a large dinner table, joined by a dozen of his students. With delicious food coming and conversations going, people were chanting, meditating, laughing, smoking, drinking, and talking about cultivation practices, science, and topics as far-ranging as research on the feelings of plants.

With the help of my translator, Professor Zhao, I tested with Master Nan my understanding of what I had heard him saying in the afternoon. I summarized and partly extended what he had shared with me by saying that the blind spot of the twentieth century was related to our inability to

see the process of *coming-into-being* of social reality or, in different words, our inability to understand where our actions originate. Usually we perceive social reality around us as a thing, as something that is outside and separate from us. The blind spot means that we do not see *ourselves* bringing forth social reality in the first place, and with that we do not have an understanding of how our individual awareness and intention impact social reality around us. In order to illuminate this blind spot, we have to practice the seven meditational states of leadership that Master Nan identified in his new interpretation of “The Great Learning.”

Master Nan agreed with this interpretation. After that, I kept asking different versions of the same question—namely, where does this stream of social reality creation really originate? Master Nan responded that the source is “the mind and thought.” But I kept asking: “Where do mind and thought originate?” Master Nan responded by talking about different levels of consciousness and self. My final question concerned the sources of self: “Where do the self and the Self originate?,” with the capital-S Self indicating our highest potential.

“The small self and the big Self come from the same source,” responded Master Nan. He continued:

One origin for both of them. The whole universe is just one big Self. Religious people call it God. Philosophers call it the fundamental nature. Scientists call it energy. Buddhists call it the Atma. Chinese call it the Tao. The Arabs call it Allah. So every culture, in a sense, they know there’s something there, an ultimate something. Religious people, they just personalize this. Make him like a person, like a God. Okay, so this God is supernatural, has all these super capacities, etcetera. That’s religion. Philosophers use logic to analyze it. Scientists want to uncover or try to find the big Self in all of this, you know, the physical research, etcetera. If you really look at human culture, they say it starts with religion and then people begin to have doubts about religions, and why, and then they begin to do research on them. Then you come to philosophy. And then there’s still doubt about it. It’s all based on reason and logic. It’s too abstract, it’s not real. So they want to do experiments with it, and then that’s how science came to evolve, to emerge. That is the Western civilization’s development. From religions to philosophy to natural science. Religion, science, philosophy, they’re all trying to look for this big

Self, this origin of life. This big Self was originally just one body, all together in one.

Master Nan then differentiated between the small self and the big Self. “So for cultivation, learning Buddhism, the first thing you do is try to get rid of this view of the [small] self. Once you reach the state of no self [let go of the small self], you reach the state of the big Self. Compassion, loving, etcetera, all of that originates from the big Self. You no longer will be selfish from that large Self.”³

I left the encounter with Master Nan and his circle of students deeply moved and inspired. It struck me that the leverage point for overcoming the split between mind and matter had to do with the sources of Self. So what would it take to learn more about these sources?

The Blind Spot of Cognition Science

This question led to a 2000 meeting in Paris in the office of the late cognition scientist Francisco Varela, one of the most brilliant scientists and thinkers of his generation. If we had to identify the two or three most important interviews that gave rise to the development of Theory U, my (Otto’s) interviews with Varela would be among them.

In my first interview with Varela, in 1996, he voiced an important insight: “The problem is not that we don’t know enough about the brain or about biology; the problem is that we don’t know enough about experience. . . . We have had a blind spot in the West for that kind of methodical approach, which I would now describe as a more straightforward phenomenological method. Everybody thinks they know about experience; I claim we don’t.”⁴

In the 2000 interview, I started by asking Varela whether he had any further reflections on this topic. He responded that this question had been a primary focus of his work since our 1996 meeting, and he pulled a special issue of the *Journal of Consciousness* down from a shelf.

Pointing at it, he said: “This would have been an unthinkable book three or four years ago.” He went on to explain that he had been studying and synthesizing the three main methodologies that in his view addressed the blind spot of accessing experience: phenomenology, psychological introspection, and contemplative practices. He found that all three take an

individual through the same fundamental process of becoming aware. He synthesized that fundamental process of becoming aware as a sequence of crossing three thresholds: *suspension*, *redirection*, and *letting go*.⁵

When he described these three thresholds and how crossing them changes the way we pay attention, I immediately recognized them. I had seen the same shifts of awareness and attention in groups and teams and during workshop retreats. Whenever the objective of the work of teams and organizations is to confront complex challenges that require innovative responses and collective creativity, these stages emerge:

1. *Suspension*: Stopping and suspending old habits of judgment and thought is a precondition for the first phase of the work. It requires breaking habitual patterns and starting to pay attention.
2. *Redirection*: After suspending the patterns of the past and the habit of downloading, there is a need to start seeing reality from a different angle. This requires listening to the views and experiences of others, taking them in as part of seeing current reality from a multiplicity of views.
3. *Letting go*: Then, if we are lucky, we will go through a profound moment of “quieting” that allows us to let go of our old self and connect with another state of being, a state that helps us to become aware of who we really are and what we are here for. This requires us to let go of everything that isn’t essential and to drop our baggage when facing the eye of the needle. Entering this deeper state allows us to operate from a co-creative flow.

This conversation with Varela felt like a seed or a gift. Today, in hindsight, we would say what grew out of this seed is a summarizing framework of Theory U called the Matrix of Social Evolution, which links the essence of Theory U—connecting to source—back to Master Nan’s dictum on the reintegration of mind and matter.

The Matrix of Social Evolution

One of the core ideas of Theory U is that form follows attention or consciousness. We can change reality by changing the inner place from which we operate. The Matrix of Social Evolution (and the rest of this

book) spells out what this looks like for an individual (attending), a group (conversing), an institution (organizing), and a global system (coordinating). Table 7 shows how these different social fields (micro, meso, macro, mundo) transform according to the inner place—or the quality of awareness—from which we operate.

The first step in understanding the impact of attention on reality is to look at how we operate on the individual level. Consider the example of listening. On level 1, the quality of listening is called downloading. Same old, same old! The listener hears ideas, and these merely reconfirm what the listener already knows. Examples are manifold: (1) not seeing the new challenges by holding on to old theories; and (2) not sensing future opportunities by holding on to old frameworks or experiences from the past.

On level 2, listening is called factual listening, which is what good scientists do. They do not hold on to existing interpretations of reality, but they let the data talk to them. They try to listen to the facts even if those facts contradict their own theories or ideas. Factual listening connects people to the actual particulars of the world.

But what is missing from factual listening is getting inside social complexity. This happens at level 3, which we call empathic listening. Empathic listening allows the individual to see reality from the perspective of the other and sense the other person's circumstances. This does not imply that the two agree, but that they are able to acknowledge and respect each other's perspective. Empathic listening means seeing from the viewpoint of another stakeholder.

Level 4 is generative listening. Generative listening means to form a space of deep attention that allows an emerging future possibility to “land” or manifest. It is what great coaches do: They listen deeply in a way that allows you to connect to your emerging future self. Sometimes we also use the example of a jazz ensemble that is “in the flow” to illustrate this capacity. When individual players can listen to the whole and simultaneously attune their own instrument to an emerging pattern, they are able to co-create something new together.

As one's listening moves from level 1 (shallow) to level 4 (deep), the listener's field of attention passes through several turning points, from suspending (the gateway to level 2) to redirecting (the gateway to empathic listening) to letting go (the gateway to generative listening).

TABLE 7 The Matrix of Social Evolution

Field: Structure of Attention	Micro: <i>Attending</i> (Individual)	Meso: <i>Conversing</i> (Group)	Macro: <i>Organizing</i> (Institution)	Mundo: <i>Coordinating</i> (Global System)
1.o: habitual awareness	Listening 1: downloading habits of thought	Downloading: speaking from conforming	Centralized control: organizing around hierarchy	Hierarchy: commanding
<i>Suspending</i>				
2.o: ego-system awareness	Listening 2: factual, open-minded	Debate: speaking from differentiating	Divisionalized: organizing around differentiation	Market: competing
<i>Redirecting</i>				
3.o: stakeholder awareness	Listening 3: empathic, open-hearted	Dialogue: speaking from inquiring others, self	Distributed/networked: organizing around interest groups	Negotiated dialogue: cooperating
<i>Letting Go</i>				
4.o: eco-system awareness	Listening 4: generative, open-presence	Collective creativity: speaking from what is moving through	Eco-system: organizing around what emerges	Awareness-based collective action: co-creating

Columns 3 through 5 illustrate how this process of opening plays out in groups (conversing), institutions (organizing), and eco-systems or societies (coordinating).

Crossing the Threshold to 4.0 Societies

Still, moving social and economic systems to a 4.0 state of operating remains a huge challenge. It requires crossing a threshold of self-reflective meta-awareness on multiple levels. As individuals, we must begin to pay attention to our attention (self-awareness); as teams, we must begin to have conversations about our conversations (dialogue); as enterprises, we must begin to organize our organizing (networks of networks: eco-systems); and as eco-systems, we must begin to coordinate our coordinating (systems of awareness-based collective action, or ABC).

On each of these levels, the threshold requires a self-reflective turn. *Attending to your attention* means bending the beam of observation in order to see yourself. *Conversing about our conversations* means bending the beam of conversational attention to help a group see itself. *Organizing our organizing* means creating conditions that make eco-system-wide self-organizing more intentional, fluid, and self-aware. *Coordinating our coordinating* means creating a meta-level that allows a community of players to see itself and to adjust the portfolio of existing coordination mechanisms as needed—for example, by redrawing the boundaries between cooperation and competition in an industry.

Crossing this threshold requires social technologies, tools, methods, and leadership practices that allow us to shift from ego-system to eco-system awareness and consciousness.

Conclusion and Practices: Reintegrating the Matrix

The remaining chapters will introduce social technologies that expand on the columns of table 7 as they apply to the transformation of

1. the individual: from me to we (chapter 5);
2. relationships: from ego to eco (chapter 6);
3. institutions: from hierarchy to eco-system (chapter 7); and

4. capacity building: from old forms to creating a global action leadership school (chapter 8).

Each journey is a process of profound opening. The essence of this journey brings us back to Master Nan's new interpretation of Confucius. According to that text, it's a journey that moves from outer fields (the world, the state, the family) to the inner field: one's heart, one's thoughts, and the awareness that extends to the investigation of the underlying matrix of mind and matter.

This investigation leads to yet another new impulse, which is channeled back into reality through renewed awareness, thoughts, hearts, and families all the way to renewed nations and ultimately a renewed world.

The questions that Master Nan and others ask invite us to take a closer look at how mind and matter relate to each other—how our awareness and consciousness affect the pathways of enacting social forms, how they impact and shape our ways of bringing forth the world. On levels 1 and 2 of the Matrix of Social Evolution, the social field is based on a separation between matter and mind; on level 4, these boundaries collapse and open up a new field of co-creative relationships. It is that field where the presence of the future begins. . . .

JOURNALING QUESTIONS

Use the table below as shorthand for the Matrix of Social Evolution in order to assess your current situation by answering the following questions.

1. What percentage of your time do you spend on each level of listening? Write down the percentage.
2. What percentage of your time do you spend on each level of conversing?
3. What percentage of your time does your institution make you organize around centralized, divisionalized, networked, or eco-systemic structures?
4. What percentage of your time do you spend on connecting to the whole through the mechanisms of hierarchy, competition, stakeholder negotiation, or ABC (shared awareness of the whole)?

TABLE 8 Personal Assessment

Awareness	Micro: Listening	Meso: Conversing	Macro: Organizing	Mundo: Coordinating
1.0: habitual	Level 1: downloading	Downloading	Centralized control	Central planning
2.0: ego-system	Level 2: factual	Debate	Divisionalized	Markets and competition
3.0: stakeholder	Level 3: empathic	Dialogue	Networked	Negotiation and dialogue
4.0: eco-system	Level 4: generative	Collective creativity	Eco-system	ABC: seeing/ acting from the whole

5. With a different-colored pen, indicate in the table what you would like the future to look like (using percentages).
6. Compare the two sets of percentages, notice the gaps, and develop ideas for bridging them.

CIRCLE CONVERSATION

1. After answering the six questions above individually, have each member of your circle share their insights, questions, and intentions in regard to their personal profile.
2. What interesting small prototypes can you think of for exploring 4.0 types of operating that can move your profile from actual to desired?