

Leading From The Emerging Future

Justin Olnhoff

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From Ego-System to Eco-System Economies: Applying Theory U to Transforming Business, Society and Self

4.0 Style Economies

Only by understanding the ecological, social, and spiritual divides created by current methods of thinking can we create new methods of thought that produce the desired outcome of our Self.

Otto Scharmer and Katrin Kaufer utilize Theory U to look at ways to transform business, society and self. Their main focus is on translating our society into what they call a “4.0” style economy. They reference the locus of power as a measure of society’s ways of thinking and make a distinction between Ego-system economies, in which each person is concerned for only their own well-being, and the Eco-system economy they would like to create in which each person is aware and conscious of how their decisions impact and affect those around them.

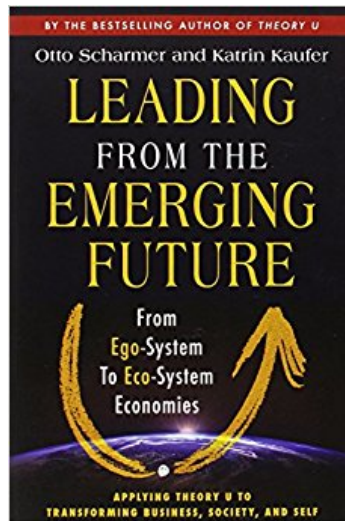
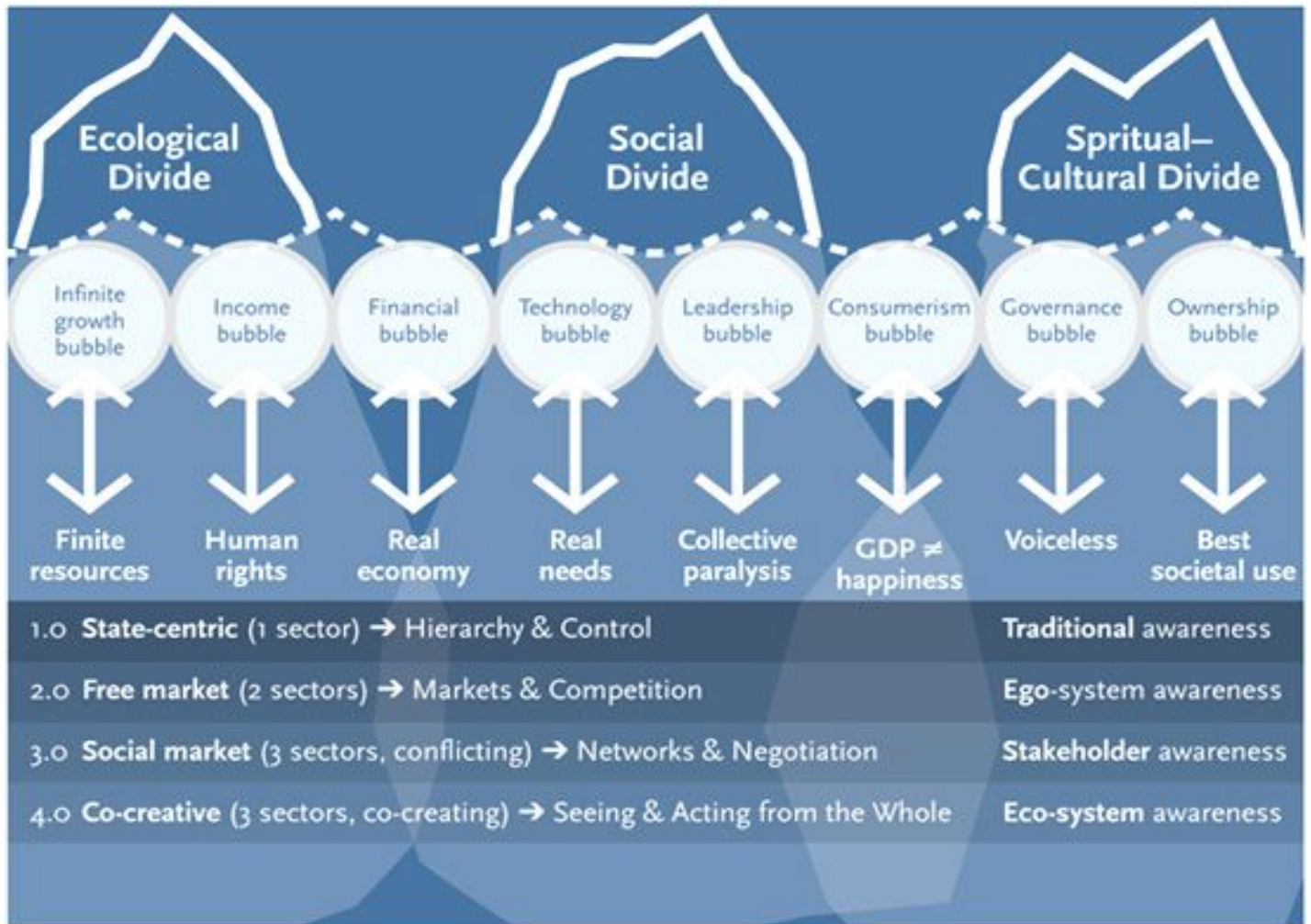


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Structural Disconnects

- 1) Ecological: Our disregard for natural limits of our environment resulting in unsustainable practices.
- 2) Wealth: The immense wealth dispersion that forces the masses to suffer while the elite control unfathomable amounts of resources.
- 3) Financial: The divide between the financial economy (Wall Street, speculative exchanges) and the real economy (goods, resources, etc) which create economic bubbles and chaos.
- 4) Technological: Our overreliance on technology to solve system societal issues without addressing the root cause of the symptoms.
- 5) Leadership: We consistently make decisions that create results that nobody wants because decision-maker are too disconnected from the people directly affected by their decisions.
- 6) Consumerism: Our consumption of goods and the corresponding personal debt are increasing dramatically despite having no correlation to happiness or well-being.
- 7) Governance: The current methods of thinking are incapable of addressing our global problems as we have too many boundaries separating “us” and “them” on a global scale.
- 8) Ownership: Our massive overuse of Earth’s resources leads to competition of ownership - which is hitting its limits on a global scale.

Economies and Locus of Leadership

The spectrum of economies referenced in this book scale from 1.0 to 4.0 depending on the locus of power. A 1.0 economy has central power, usually held by a government. A 2.0 economy uses the free market to regulate power. A 3.0 economy is largely a free market economy but has special interest groups, unions, stakeholders and lobbyists with heavy influence. Finally, a 4.0 economy or eco-system is a collaboration of three major contributors (state, free market, and stakeholders) co-creating with an awareness and consciousness of how their decisions affect everyone. The argument presented is that each of the previous ego-systems of economy are flawed as they have varying degrees of self interest and therefore leave those without significant representation without a voice. Only by reaching this goal of a 4.0 model economy can significant system issues be addressed.

A Journey of Interiorizing the Whole		
System Integration/Degree of Interiorizing the Whole	Primacy of the Whole	Primacy of the Parts
High	4.0: Awareness-Based Collective Action: head, heart, hand (intentional)	3.0: Negotiation and Dialogue: head, heart, and hand (ad hoc)
Low	1.0 Central Planning: visible hand	2.0 Markets and Competition: invisible hand

Three Leadership Myths

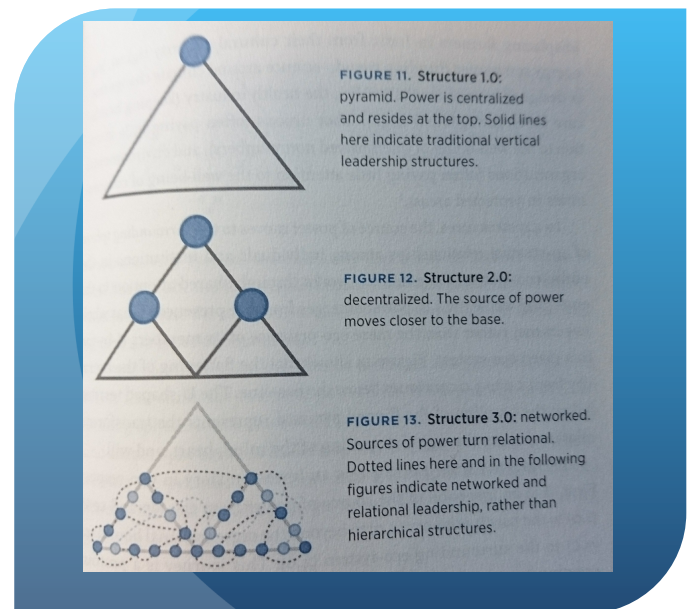
- 1) The Leader is the guy at the top. 2) Leadership is about individuals.
- 3) Leadership is about creating and communicating a vision.

While a basic understanding of best practice within leadership should make the first myth obvious, many people still think of leadership as leading each individual as opposed to improving the system. Further, the authors argue that leadership is a distributed or collective capacity in a system, not something that individuals do. (Cont'd)

The third myth doesn't immediately sound like a myth at all - many great leaders create (cont'd) communicate their vision. However, this approach deemphasizes one of the most important components: listening. Presenting yourself as a leader and listening to the Emerging Future should be the guiding factors of leadership. Examples such as Enron, GM, and Goldman Sachs are examples of leadership with great vision; vision that was out of touch with reality due to a lack of listening.

Networked Leadership:

A continuing pursuit of this style of leadership requires careful feedback, self-reflection, and meta-cognition. Thinking about the way we think, talking about the way we converse, and looking critically at how we look at things are all crucial steps for leaders to help cross the threshold into 4.0 economies and systems of thinking. However, this can only be accomplished once the leader themselves has taken been able to shift their own thinking from their self to their Self - the Self that sees connections among the world and recognizes their potential to be the best version of who



they are. A key step toward this journey is moving through four types of listening including empathetic (adopting the other person's perspective) and generative (listening from the whole and the Emerging New). Once a leader has achieved this goal they are able to begin on the path to Leading the Institutional Inversion: Toward Eco-system Economies.

The first step, which is often avoided by leaders due to reasons of self-interest, outdated educational and therefore thinking, denial, and cynicism is to shift the Locus of Leadership.

Wealth = Happiness?

Each of the previously discusses structural disconnects embody existing structures that do not learn, that are unaware of externalities, that allow money to flow the wrong way, and permit special interest groups to have an overrepresentation of power. Additionally, it has been well researched that an increase in personal income beyond a global living minimum (approximately \$15,000 USD/year) yields very little with regards to increasing personal happiness, well being, or life expectancy. These facts fly in the face of our capitalism, free-market economy that guides our thinking to a more-is-always-better standpoint. So what's the problem?

Transforming Thought:

Our free-market economy has created the Myth of Money. Similar to Daniel Pink's work on Motivation, Otto and Katrin suggest that money is not a motivator beyond the basic needs and that if a leader wants to receive the best from their team they must use practices beyond simple reward. Allowing a team to work to their highest ability requires several components of management including creating enabling spaces, providing key challenges, building capacity, allowing people to see themselves as part of the bigger picture, and a strong sense of community that has the technology and the capital to meet their needs.

The authors have great appreciation for the process of listening. However, unlike many who attempt to learn from the past, they attempt to use *presencing* as a means to listen to the Emerging Future. Scharmer and Kaufer refer to the Emerging Future as "what is waiting to be born". Through their analysis of various social and economic frameworks they have witnessed and anticipate disruptions - collapses in economies, limits to ecological destruction, uprisings against class disparity. They see these issues as examples of what is dying and are looking to the Emerging Future to see what is waiting to be born.

Becoming your best Self

By defining three great divides within our society (Ecosystem: self vs. Nature, Economic: self vs. Other, and Spiritual: self vs. Self) they make clear the major frameworks and systems in play that are experiencing disruptions. The authors make clear that they believe in a higher Self (capital S) that humans attain to; that is, the best possible version of themselves, their highest potential. Their perspective is that if humans each learn to use presencing as a way to listen to the Emerging Future, we will be able to actualize ourselves to our true Self and create a new, 4.0 model economy that has not only our own, but everyone's best interests at heart.

"What seems normal isn't Normal"

It can feel overwhelming and exhausting to try to change the world. Traditions, cultures and norms have been established over generations and are often heavily resistant to change. When your goal is so far away from your starting point, it can be helpful to remember "what seems normal isn't Normal". This is important because as you travel the world and gain understanding of ideas from around the globe you are reminded that what one culture thinks of as normal or traditional is often wildly different from other parts of the world. This can give us new inspiration or simply help us remember that humans don't have just one way of doing things - we have countless ways of doing things. We can change and adapt and all over the planet leaders and revolutionaries are doing just that!

Leading Leaders:

When Politics are disconnected from Real Needs

Democracies are growing increasingly frustrated with political issues and the lack of real change; sometimes with devastating results. However, all over the world there is amazing progress being made. More and more leaders are moving to 4.0 methods of thinking and people are listening.

Education 4.0

**Now I know I
do not need
to be a politician
to make a difference.
It is our turn to
provide leadership
to the politicians.**

- Otto Scharmer

A 4.0 style economic model, as illustrated by Scharmer and Kaufer embodies the idea of Awareness-Based Collaboration. This means being aware at all times of the impacts of your actions within the eco-system of our economy. This is a noble goal for directors, superintendants, principals and teachers. The leaders of tomorrow must be lead by leaders from the Emerging Future.

The keys to leading from the Emerging Future involve presencing. Presencing requires us to release the restrictions of biases, to dismantle the traditions of outdated models of thought and listen to the future. Listen to what is dying and what is waiting to be born. When we collaborate with others, we listen to their ideas and build on their wisdom. However, a 4.0 leader must learn to listen beyond their current abilities. Instead of listening for function, listen for empathy. An empathetic listener can take the perspective of the speaker and really see things from their point of view. Once this skill is mastered we can progress to listening for collaboration. This involves presencing ourselves within our society, within our system, and within our own mind. This means listening to our contributors and to the Emerging Future. What is dying? What is waiting to be born? How can we make Eco-system based decisions and guide others to do the same?

A Thought Experiment and Challenge: How much can you let go of?

Consider a completely new system of education. Forget individual lessons, forget one-hour periods. Let go of the progression of grades 1-12. Let go of a five day school week and a ten month school year. If you were responsible for educating a group of young minds, what would you do and how would you do it if traditional systematic frameworks, limitations, and challenges were out of your way. Now ask yourself, How do I create what I've just imagined?

While this type of experiment is almost completely hypothetical, it reflects the type of thinking required from 4.0 leaders in education. It is good practice to try and remove as many preconceptions as possible before taking in information and Listening to the Emerging Future.

“ What is dying [in education]? “the teacher who transfers knowledge, who acts as a single player. . .” What was being born was “the teacher as coach and team player.”” (Page 211)

Summary:

Leaders must use presencing, listening for collaboration, and an ecosystem based mindset to work to create solutions. Thinking in the old ways will not solve problems the old ways have created. A 4.0 style economy shifts the locus of leadership to a network of collaborators, and utilizes awareness-based collaboration to ensure each decision is being made with global interests in mind. The primary concern is for the “whole”, not for the “self”.

Application to Education and Leadership

While a large majority of this book focuses on the economy, businesses, and governmental systems outside of education I feel it is important to remember that so many changes begin with a change in thinking often stemming from youth moving into existing structures. If we as educators can make changes within our own thinking to move from the ego-centric (small) self to the eco-centric (big) Self we will have more success within our classrooms and leadership pursuits. Further, if we can create change in the thinking of students they will be change agents and they will lead from the Emerging Future. Our impact is often indirect, but there is no question about its considerable power.

Change starts with you. Changing to a 4.0 mindset requires reflection, contemplation, and most challengingly, letting go of traditional ways of viewing the world and thinking about challenges. By working to understand our interdependence within our society and the social, ecological, and spiritual divides that challenge our progress we can hope to achieve our best Self.

I find these ideas challenging, but inspirational. I appreciate the multitude of ideas brought forth from around the world. I love the mentality that nothing is permanent. Everything is subject to critique, reimagining, death, and rebirth. While there are limited tangible steps provided I find the thought processes explored and the questions posed to be valuable in their own way. I see the challenge of a 4.0 mindset and your best Self as inherently valuable. The journey we will each take to reach this point will be as varied as we are, so I can understand the lack of systematic approach to take you there.

Questions to Consider:

- 1) What is dying in the Education System?
- 2) What is waiting to be born?
- 3) What is preventing us from reaching a singular Common Will?
- 4) Describe a successful change at any level of education. How could it be replicated? How could it be modified to work on a larger scale?
- 5) What can you do to become your best Self?