

# 3

## BIGGER MINDS

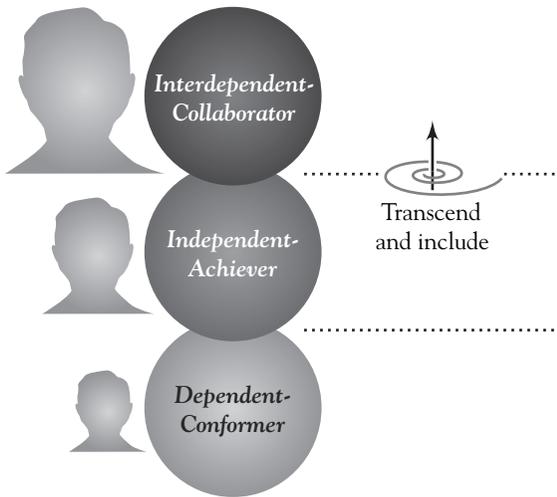
### Developing from the Inside Out

We are embedded in new learnings that have emotional impact, and then we separate from them so we can understand them.

—Bob Kegan

While changing the culture of your organization, you will struggle, change your beliefs, and likely emerge a different person, with an expanded identity compared to the one you had when you began the venture. This is the clarion call to new leaders in the new world order: claim your right to develop a bigger mind.

Everybody's mind has to get bigger if the leadership culture of the organization is to change, because creating real, sustained change is a bigger challenge than your organization has probably ever faced before. The phrase *bigger mind* may not sound scientific, but we think it says what we and you are really after. Increasingly complex challenges require increasingly bigger minds. Each of the three leadership logics or mind-sets we introduced in Chapter One—Dependent-Conformer, Independent-Achiever, Interdependent-Collaborator, in that order—requires more mental depth, breadth, and ability to handle complexity. Figure 3.1 reflects that order. How big does your mind need to be to deal with your challenges? Regardless of how big, you're probably aware right now that it and you need to develop and grow. If you want to change your organization and change the ways in which people work together, you need to develop your people and yourself.

**Figure 3.1 Leadership Logics: Getting a Bigger Mind**

This chapter looks at the general process of developing that bigger mind from the Inside-Out. The concept applies to both individuals and groups and their organizations. In this chapter we will stay mainly at the group, cultural level. Chapter Four will immerse you more directly in the personal level, which is where you must start.

### **The Nature of Lifelong Development**

Although grown-ups like to consider themselves, well, grown up, development really means that no matter how old we are, we still have ways in which we need to keep growing. This can mean facing up at last to grizzly challenges and attaining the wisdom needed to deal with increasing complexity.

Most of us understand development as a continuing law of life. We were all kids once. We understand from our own experience and from watching our children grow that there are stages of early development that are, beyond question, a normal and inherent part of life. But many of us are not aware that those stages or levels of development do not stop at age twenty-one.

As long as you breathe, opportunities to pursue the next stage of development never end.

Stages of human development look a lot like a staircase. We can see that clearly as children: first learn to walk, go through the “terrible twos,” start school, and hit early adolescence and then coming of age. But what stair do you see yourself on at age twenty-eight, or forty-two, or fifty-five? As you think about that, consider several principles that are part of our basic understanding of stage development:

- You actively construct ways of making sense of your world, and you can find patterns of sense making that you share with others. These shared patterns are the levels or stages of development. (In leadership contexts, we are calling them *leadership logics*.)
- Stages of development emerge in a (mostly) predictable sequence, with each next stage transcending and including the previous one (Wilber, 1996). When you pass from one stage to the next, you don’t lose what you’ve learned in the previous stages. You have access to all the knowledge and internal operating logics that inform and trigger actions of previous stages to call on when you need them.

The staircase image supports and fits these psychological developmental principles. It suggests that each stair predictably rests on the one below but embodies a more advanced sense-making ability, a more sophisticated internal logic and aptitude.

Higher stages are more complex than earlier stages, but they are not better in any absolute sense. Each expands the size of your mind. Developmental movement from one stage to the next is usually driven by limitations in the current stage. When you’re confronted with increased complexity and challenge that can’t be met with what you know and can do from your current development position, you may take the next step up.

Individuals in all kinds of societies understand this idea about development. That is why all see the potential for wisdom in their later years and why some societies elevate the social position of the wise elder. Stories from grandfathers and grandmothers shed light on current challenges. And we've never met a leader who didn't have a powerful story about someone more advanced on the developmental staircase who helped him or her take the next step toward a later stage. Regularly we see the evidence of the wisdom that comes from mentors, elders, and others who are further along life's natural developmental pathway.

There is also mounting agreement among development experts that movement from one stage to the next can be accelerated considerably when you are consciously aware and working on your development (in the zone of intentional change we described in Chapter Two) from one stage to the next. Naturally those who consciously choose to climb get there faster.

### **The Inside-Out of Growing Mind**

In Chapter Two, we talked a good deal about the Inside-Out nature of culture. Let's say more here about the Inside-Out of personal development. It is empirically, scientifically comfortable to hold things "outside-in," at a distance, studying and analyzing their function, dealing in facts. But lifelong development requires more; it demands the attention of your innermost essential self—a self that seeks and finds meaning. The Inside-Out interprets, unravels, and deciphers a quality of experience like belief, value, and intention. Inside-Out is your essential self, and meaning is the medium. Outside-In is your functional self, and action is the medium (McGuire, Rhodes, and Palus, 2008).

For context, we need to recognize that our modern world is out of balance. For a few hundred years since the Age of Reason and the mushrooming of science, much of Western society and most organizations have tried to collapse the Inside-Out and Outside-In realities into the Outside-In scientific perspective. This is why management science gets more attention than the

cultural interpretation of leadership. It is very important to re-separate these two tangled perspectives and gain back that pair of eyes that allows us to see multiple dimensions. It is safe to say this is why we are advancing through a so-called postmodern era: to regain our essential selves.

Inside-Out is a sense-making process, and because we are social creatures, that means dialogue with others. So developing from one stage to another is both an individual and to some degree a social process. And self-exploratory dialogue does entail social risk and vulnerability. Lifelong development is an ongoing journey on which you remain conscious of and pay attention to the two basic sides of your human nature: Outside-In and Inside-Out. Both are necessary and valuable, but Inside-Out may be the more interesting and necessary for sustainable development.

### **Voice of Change**

Seven weeks into the tenure of the new director of the FBI and six weeks after the terrorist attacks of September 11, 2001, a Sunday morning U.S. network news pundit demanded: "Director Mueller, I want to know why you have failed to change the culture at the FBI!" The question itself betrays our U.S. bias for treating organizational culture as just one more thing to manage and manipulate. Void of insight that culture is an internal territory, this well-respected newscaster exposed a fault line most of us share: collapsing the Inside-Out into the Outside-In into a singularity. He considered culture just one more task to manage.

Your Outside-In perspective is full of objects or things, and you can see them all: it's all stuff you can point to, including people, and you don't have to talk to any of them. It is low-risk territory. It is a perspective that locates things, it is scientific and empirical and about surfaces, and it is personally removed.

Inside-Out is different terrain. It is a province of subjective experience and high-risk territory that requires you to talk to people and get to the bottom of things, to engage with other people and go much deeper than coffee machine chitchat or the one-way content of inspirational executive speeches. You have to dive into Inside-Out without knowing what lies under the surface. Surfaces can be seen, but depth must be interpreted. Outside-In takes you only so far, and when it comes to transformational change, that's not nearly far enough.

## Development and Leadership Logics

Various researchers have categorized the individual stages by which adults tend to function. Some suggest as few as three separate stages and others as many as nine. The logics in the right-hand column of Table 3.1 were conceived by Bill Torbert, one of our closely allied learning partners (McGuire, Palus, and Torbert, 2007). Bill calls his seven adult developmental stages “action logics” because each represents a certain consistency of actions or behaviors based on the development-level mind-set by which individuals interpret their surroundings. We worked with Torbert in correlating our three stages of culture (or leadership logics) with his seven (leader) action logics. Our stages also correspond with other developmental theorists (see Appendix A). Of these logics, Rooke and Torbert say:

Most developmental psychologists agree that what differentiates leaders is not so much their philosophy of leadership, their personality, or their style of management. Rather, it’s their internal “action logic”—how they interpret their surroundings and react

**Table 3.1 Leadership Logics and Leader Logics**

<i>Leadership Logics</i>	<i>Leader Logics</i>
Interdependent-Collaborator <i>Transitional</i>	Transformer: shape-shifter, imaginer, *alchemist Collaborator: partner, both-and, *strategist <i>Freethinker Rising</i>
Independent-Achiever <i>Transitional</i>	Freethinker: initiator, nonconformist, *individualist Performer: winner, high flier, *achiever <i>Specialist Rising</i>
Dependent-Conformer	Specialist: technician, niche connoisseur, *expert Moderator: pleaser, conflict avoider, *diplomat Dominator: authoritarian, manipulator, *opportunist

*Note:* The asterisk signifies Rooke and Torbert’s (2005) descriptive terms.

when their power or safety is challenged. They should, because leaders who do undertake a voyage of personal understanding and development can transform not only their own capabilities but also those of their companies [Rooke and Torbert, 2005, p. 1].

We do not mean that people perched on higher stages are more intelligent than they were at the one below or smarter than others at earlier stages. They're not inherently better or more valuable as people. Each stage serves an essential purpose for each person, and organizations almost always need a mix of leaders at different logics to do different kinds of work.

But in leadership logic development, each successive logic or stair holds greater facility for learning, complex problem solving, and the ability to set new direction and successfully lead change. People who gain another step can learn more, adapt faster, and generate more complex solutions than they could before. Those at later stages can learn more and react faster because they have a bigger mind. They can see the bigger picture with all of the complex systems connections more readily than people at earlier logics can. People at later stages are better at seeing and connecting more dots in more scenarios (which means they are better at strategy). That's all. But that's a lot.

Continuing with Table 3.1 in mind, let's look more closely at the leadership logics and their connections to what leaders do.

### **Leaderships and Leaders: Connected Logics**

The leadership logic of a culture does not determine the stage of development of individuals within it. But it does determine the boundaries of acceptable behaviors. For that reason, many of the people in a given organization will have individual leader logics that fit (are consistent with) the cultural stage, or leadership logic. Organizations seek out individuals who are consistent with their level of beliefs and practices. While most individual leaders in any given organization likely are a logic match, it is also possible that many are not.

To stress the concepts, the three profiles that follow are written as if there were an absolute match of cultural leadership logic to individual leader logics. But in any organization, the fact that there are many individuals with logics advanced beyond an early stage of the culture is a great advantage when entering change. When a large number of individuals are at a logic that is earlier than what the organization needs, that constitutes a disadvantage.

### **Dependent-Conformer**

If you operate within a Dependent-Conformer culture, the organization creates certain conditions for your continued inclusion. In these social systems, your sense of self is derived primarily from your connections to others. Although you can override your own needs, your social orientation derives from a drive to coordinate your needs with others. We call this the Dependent stage because of your shared dependence on and with others to understand or construct your reality. The dependence is mutual: everyone in it believes in it. Most people make the transition to this stage in late adolescence or early adulthood. In this stage, as the table says, you might be a Dominator with an extreme need for authoritarian control, or you might be a Moderator, diplomatically controlling yourself in order to get along with others through a generous kind of paternalism. Or you might be a Specialist due to technical expertise in your craft, seeking control over the things you work on or with. In any case, control is very important to you, and you don't much like public conflict.

Whether you are an official, supervisor of others, or an individual contributor, you likely have a Specialist logic. In a Dependent-Conformer culture, most individual leaders do. They may be certified (for example, as machinists, teachers, accountants, project managers, doctors, lawyers, or software engineers), or they may hold organizational affiliations, such as priest or

government official. These affiliations do not, however, determine the level of a leader's logic.

From an educational perspective, a leader associated with this stage sees education as teaching and training in skills (mostly technical). For this person, the primary function of learning and development is to build competence and skills to use as mechanisms for control in meeting not only the standards of a specialty but also the top-down standards of the organization. Mastering a specialty is what learning is about, whether the leader is a machinist or physician. Dominator, Moderator, and Specialist individual logics are found in about half of all organizational leaders.

### **Independent-Achiever**

If you're a Performer in the Independent-Achiever stage, then other people's reactions cease to be the primary way you define and understand yourself. You have become an independent, self-possessed person, and you have created your own internally generated values and standards. This sense of individual identity allows you to examine various opinions and perspectives and make your own standards-based decisions, modulated and discerned within, and yet expanding the boundaries of your organization. You are highly adaptive and are adept at continuously adjusting to your environment. You likely have mastery of technical data for analysis and make what you believe are rational, independent judgments. Your greatest drivers are success, achievement, and individual competence. You coordinate and cooperate within and between groups to advance your interests primarily and secondarily the interests of your organization. You seek to do both, but in a pinch you come first.

If you're a Freethinker (Table 3.1), then you're well positioned to make your way to the next stage. The Freethinker is an individualist who has mastered the idea that reality is constructed and is what he or she makes it from his or her own

perspective. The Freethinker understands the logics of others and can be an excellent facilitator in group settings. But this person also feels free to make up new rules and construct new organizational orders—for example, actions that are good for the whole organization, even when others in earlier logics may have a hard time discerning the benefit.

About 40 percent of all organizational leaders are Performers or Freethinkers. Many (but not all) adults make the transition to this stage during their middle to later years.

From an educational perspective, people at this stage see teaching as coaching. Learning is a dialogue, a two-way street, but the coach is seen as having more expertise than the learner. However, Freethinkers are well on their way to experiencing a coach more as a guide who offers multiple alternatives to consider and discern.

### **Interdependent-Collaborator**

In this latest stage of development, we label leaders as Collaborators or perhaps Transformers (Table 3.1). Collaborators are excellent strategists, and their strategic influencing skills are extraordinary. Those skills make them powerful change agents. They are competent at learning in complex environments because they make connections at multiple levels and across systems simultaneously. Collaborators are energized by these multiple levels of interplay at personal, organizational, interorganizational, and all other manner of intersystemic levels.

Transformers are rare. They are able to reinvent themselves and transform their organizations through an unusual capability to simultaneously deal with multiple situations at many different levels. A Transformer can take care of tactical tasks while keeping strategy (the big picture) in mind. Transformers are also truth tellers, because they have advanced beyond the common fears of personal worry and onto a plane of concern for the whole enterprise and everyone in it. A Transformer leader works

as easily with the CEO as with Marti Machinist on the shop floor because he or she rewards both with equanimity.

For Collaborators and Transformers, the dichotomies of either-or thinking give way to a both-and mind-set and a search for win-win potential across and among people and systems. Leaders in these roles experience themselves as instruments of productive change for the benefit of all. They can generate new orders, processes, and systems, allowing new interorganizational realities to emerge and potential innovation to permeate both human and operational systems.

From an educational perspective, the Collaborator views teaching as guidance. What distinguishes a guide from a coach is that a guide doesn't believe that he or she knows best in any given situation. The prevailing philosophy of a guide is that people collaborate and guide each other. With this outlook, guides can potentially generate more knowledge and therefore more multiple right answers than nonmutual approaches can generate.

Go back to Table 3.1 and take an additional moment with it.

Do you see something close to your own leader logic?

Does that leader logic line up with your organization's leadership logic?

If not, is your leader logic advancing or lagging behind the majority leadership logic of your organization? Is this a source of frustration or alienation in your experience?

More broadly, do you see the connection between the leadership culture and logic in which you work and your capability as a leader?

Independent-Achievers have bigger minds than  
Dependent-Conformers.

Interdependent-Collaborators have the biggest minds of all. How big does your mind need to be to deal with your challenges?

## Getting to the Next Leadership Logic

Leaders who come to week-long programs at the Center for Creative Leadership (CCL) often have a moving, powerful experience. It's not unusual for them to describe it as life changing. But when we follow up, we too often learn that after they went home and back to work, too little changed, because they reentered the dominance of their cultural reality. The powerful experience they had had promoted a new (temporary) state of being, but it's not the same as advancing to a new (lasting) development stage or leader logic. (We use *state* and *stage* to signal a difference in how long things last.) There is a relationship between short-lasting state and enduring stage (or logic), however, and it is a very important relationship.

### Voice of Change

Leaders we work with often express confusion about the difference between a state and a stage. State precedes stage. A state is fleeting; a stage is ongoing. Perhaps a simple analogy will prove useful. The state of security that comes from being defended and cared for by your girlfriend or boyfriend is not the same as a stage of security that comes from a mature relationship you know is reliable. The state of security you feel with her or him is situational, but a stage of security (your long-term relationship) arises from that state.

It is the same in organizational culture. Imagine you have worked for some time in a dependent role. Recently you have gotten a taste of independence—you made some decisions without checking with the authorities—and it felt pretty good! That's a state: you get an experience of the new thing in the old place. That state is not a stage until you can access that state as a constant, reliable condition. You know it when your mind-set shifts from one stage to the next. Achieving a new state may be relatively easy. Achieving a new stage is harder. One way you know you're entering a new stage is that you give up old beliefs, which can make you feel confused and in the process can be disorienting and uncomfortable. Giving up a belief in the authority of others and becoming the authority of and for yourself is an example.

## From States to Stages: Practice Makes Perfect

Practice does make perfect, and it is also the essential difference between short-lasting states and long-lasting stages. When you have a new breakthrough experience that raises your ceiling of awareness and expands your zone of intentional change (recall Figure 2.1), if you can trigger another occurrence of that experience or increase the rate at which it is recurring, then you can speed up the process toward attaining the next stage of development. By making yourself aware that the development process is happening, you become actively involved in it as your own personal way of operating. In other words, the more often you can achieve that alternative state of experience, the closer you get to its becoming your regular mode, and you are on the path to achieving a bigger mind.

Let's say that you are a Specialist, still deeply identified with and conforming to the group that practices your particular craft. Now let's say that you experience an extraordinary kind of individuality that frees you from the constraints of dependence on the group. Let's say this experience happens just once more, and the independence you experience really grabs your attention. Have you advanced from a Dependent-Conformer to an Independent-Achiever? No.

One or two isolated experiences don't complete advancement from one stage to the next. To step upward, you have to sustain the experience of heightened awareness long enough and often enough so that it takes over and replaces the previous stage of awareness of your world.

### Voice of Change

*The transformation principle:* Sustain and practice a new state and you will make it to the next stage; maintain the new bigger idea long enough and you will advance to the next leadership logic.

## **From States to Stages: Self-Reinforcing Steps**

Developing leaders often don't know what's needed or involved in a later development stage. That is bound to be hard for them to grasp when they're in an earlier stage. However, self-reinforcing, practical steps aid the process of transition from one stage or leadership logic to the next: awaken, unlearn, and advance (Kegan, 1982). In the following, we illustrate them as they apply between the dependent and independent stages. (We have applied a similar dynamic to groups, which we discuss in depth in Chapter Six.)

**Step 1: Awaken.** First comes the ability to perceive that a new way of making sense of your world is possible and that doing things differently is feasible. What happens in this step is that the current-stage logic battles to override the upstart newcomer (the advanced, potential logic) that enters with its new big idea. A leader in the grip of this process will experience quite a bit of emotion because the next advancing logic feels invasive. If the new experience is strong, then the new, big idea can sink some early roots. If you're in this experience, you may struggle to put the new, big idea into practice. The reason for the struggle is that the old idea works to dominate the new idea. But if you stick with the new idea and continue to create experiences in which you can try it out, you will make progress.

**Step 2: Unlearn and Discern.** Next comes the ability to hold the old idea of doing things up to the cold, harsh, brutal light of day. Examine it, analyze it, and grill it as if you're a bad cop in a worse precinct in a 1950s hard-boiled detective movie. Ask that old mind a lot of "why" questions: "Why not this new idea?" "Why, old idea, are you so stubborn about accepting the new idea, this new belief?"

Take the new idea out and test it. Develop it in the action of your day-to-day work, and test it with a pattern of new

applications: “What we’ll do and how we’ll do it.” When you make mistakes or when these new applications don’t work out, pay attention to your feelings of disappointment and guilt—a natural reaction and a powerful learning opportunity. Don’t get down on yourself or fall into a guilt trip that will drag you backward. Think of yourself as an explorer, a discoverer of new realities. Stay the course, and don’t stop at the boundaries and limitations set by the old assumptions and beliefs. The old idea (built on a less advanced leadership logic) won’t like being disposed of, so you’ll need to hold it out at a distance as an object to view and analyze. When you can treat it as an object of your discernment, you can make value judgments for yourself about which reality—that mind or the bigger mind—is better for you.

**Step 3: Advance.** Advancement happens when, after some practice and effort, the new idea gets stronger and begins to make more sense to you and dominate the old idea. Your new leadership logic becomes your governing logic. It’s a little like having your newer, bigger self sitting on your shoulder, telling you how this newer, bigger idea is much better than the old one. When the new logic is taking hold of you, when you can really see the earlier logic for what it is, you’ve achieved a bigger mind. But remember that you haven’t lost your previous logic or stage; instead, you’ve incorporated it and transcended it. That earlier logic and stage will be there when you need it. You can depend on that.

### **Getting There: An Example**

Technology Inc. is based in a Midwest Rust Belt state. When we first connected with it, it was a traditional, hierarchically organized manufacturing organization and the major manufacturing employer in its U.S. locations and its site in Canada. Bart, the CEO, had looked at his own experience in manufacturing and the competitive landscape and had determined that for a

company the size of Technology Inc., future competitive advantage had to be about leadership.

After visiting us at CCL, Bart committed to a long-term development process that would start with individual development for the executive team, continue with a less intense individual development for managers and supervisors, and then branch out to team development for the executive team and the leadership teams in other locations. This work unfolded over six years.

Then, boldly, Bart decided in dialogue with his executive team (by this time, a third the size it had been when we had first come in contact) to move from a hierarchical to a process-centered organization (PCO). Only later did we come to understand this had been his intention all along, and that prior individual and team development was what he and we would call readiness work to lead transformation. At this point, he reengaged with us to help him and the company make the leadership transformation to support and sustain the new structure, system, and processes that came with the move from hierarchy to process centered. He had already invested heavily in the structure, system, and process work but quickly recognized that work on the culture had to be integrated with and simultaneous with it from then on.

We'll talk about Technology Inc. (and five other cases) throughout the rest of this book. Right now, we use it to illustrate what the interim steps of awaken, unlearn, and advance look like in real life. Its example will help you see what it's like to create a sustainable state that moves you and the leadership culture toward a more advanced leadership logic.

In the beginning of our work with Technology Inc., some of its leaders were trying to make sense of the organization's direction and grasp the bigger idea of how to manage in a horizontal, customer-driven PCO. As they explored the new environment and the challenges of thinking customer-first in a horizontal process, they felt confused. After all, only a few weeks earlier,

they were in a regular command-and-control, top-down vertical environment where the boss said what to do and everyone did it.

One day early in the work, one of the company's managers said to another, "This is strange—a very different way of seeing things. Is it something we can put into a project plan for implementation?" They were struggling with how to make sense of a new reality, and the only way they could think of dealing with it was to use familiar tools such as project plans, Gantt charts, and spreadsheets. They were trying to put the new idea back into the box that they knew. The predominant Conformer leadership logic at Technology Inc. was to follow the rules passed down by supervisors in the hierarchy. But the new, bigger idea had to be about independent decisions and actions in order to achieve better performance results. Putting the new idea into the old box wasn't going to work because it wouldn't fit with the fact that these two managers had an Inside-Out need to develop a new leader logic into this new structure that required a new collective leadership logic.

### **Getting Clear, Getting Simple**

What worked at Technology Inc. was a collaborative inquiry about what that new big idea needed to be. The answer was distilled into a maxim: "I am a member of my process team. My team can face problems, make decisions, and take action." It sounds incredibly simple, and you might be asking why it took a whole day of conversation to come up with such a simple, obvious statement. The short answer is that simple isn't the same as simplicity, and achieving simplicity—getting to the clear, powerful essence of an idea—isn't always obvious. What leaders do with that maxim is the important thing.

### **Spreading the Word**

We took that maxim into the leadership culture of Technology Inc. and asked them to practice using it. We wanted them not

just to repeat it like a parrot, but to apply it to their operations in action development, explore what it meant to them, and discover the beliefs needed for the new, bigger idea expressed in those simple sentences to take hold in the organization.

Prolonged use of the new logic—not just the maxim but the collective leadership logic behind it—began to take hold with several people. Those same two managers who tried to put the new idea into the old box expressed their experience after sustained practice with their new-found problem-solving ability based on their advanced Independent-Achiever leadership logic. “Now I’m beginning to see,” said one, “that it’s not so much about what I do about a problem. It’s about how I understand it, how I see it. It’s about my attitude—what I believe. My perception of how things are is shifting. It’s really about who I am becoming. And now that we can see it and believe it more clearly, we’re starting to apply these new insights to the work on the shop floor.”

After continued use of the bigger idea, these leaders made the transformation in their beliefs system, and their leadership logic shifted to one of independent achievement. Through action development, they sustained the new big idea and the new state of awareness (they remained in a conscious zone of change) long enough to examine the old idea of being told what to do and see how the new idea made sense because it worked better for everyone—themselves and their customers. When their beliefs changed and they made that new bigger idea their own, the new idea became dominant over the old idea. They got bigger minds.

## **Transformation**

After several quarters of practice, the leaders at Technology Inc. stood at a completely different stage. “We can’t imagine going back to the way it was before, back to the supervisor decision making we had before the process teams took hold,” said one

leader. “We couldn’t work in an environment like that anymore. We’d feel suffocated with somebody trying to tell us what to do all the time. Now we tell ourselves what to do. We look at all the possible good answers to a problem, and then we come up with the best one and put it into action. A lot of times, solutions are so obvious that one of us just goes and fixes the problem and then comes back and tells the rest of the team what he or she did. I could never go back to the old way.”

At Technology Inc., individuals transformed themselves from one leader logic to the next by practicing a bigger idea—one that stretched their capabilities and created a challenge they had to sustain. By doing it together as a collective, they transformed their leadership culture to the next level. They became Independent-Achievers, producing direction, alignment, and commitment as outcomes. They expanded their leadership culture to include more people throughout the organization and to make the PCO a new reality.

### **Another Example: Memorial Hospital Gets a Bigger Mind and More**

When Memorial Hospital’s senior vice president of human resources (HR) sought us out, he said he had an organizational issue that he believed included training but that was also well beyond the scope of training in that it delved into deeper, more serious kinds of development. He said they needed deep change, maybe transformation of some kind. The hospital was doing breakthrough operational work and advancing cutting-edge operations practices in health care management, but something was missing in leadership.

A few months later, he and Glen (the CEO) visited us at CCL. Glen told us:

Our operations are strong—the data report on strategy implementations is strong evidence—our community support is solid,

but our economic base and our competitive environment are eroding—rapidly. We’re okay in the short run, but we’re in trouble in the long run. Our management is very good, but our leadership is lacking, falling short; people are not engaged. I have been asking people, everyone, to be more customer focused, but they don’t listen. There is no change in behavior. We are very slow to move. To survive and thrive, we have to take leadership to the next level. I don’t know why or how, but I believe leadership is the answer to our problem. Can you help?

Memorial Hospital is a regional, full-services health care provider, struggling to maintain its role and identity in a rapidly changing economic environment. The fallout as a result of the North America Free Trade Agreement of the 1990s had pushed Fortune 500 companies out of the region, threatening Memorial’s economic security. At the same time, niche medical services providers from national health care operators pressed into the local area and competitively undermined specialty medical functions in Memorial’s well-considered strategic system. How could Memorial compete in national niche specialty markets, each requiring big investments in dollars and equipment, while also remaining compressed in a locally depressed geography with the economic base in retreat?

Memorial had created a business strategy for dealing with this. The aim was to focus on customer-friendly operations for competitive advantage. For example, single-station services in the emergency room would make the ER more customer friendly, and physical planning and reconstruction were already becoming operational.

Memorial had a broad leadership strategy in mind as well. To create a more collaborative customer focus, it needed distributed decision making in the leadership culture and throughout the organization. In other words, it needed to reach at least a stage of Independent-Achiever leadership logic. But its reality was otherwise: Memorial was a classic Conformer culture. Set in

a very conventional part of the country, the “don’t make waves” local society reinforced the cautious, follow-the-rules conformance to standards. And of course health care in general has low tolerance for mistakes for obvious reasons.

Glen and others at Memorial knew intuitively that what their organization needed was more than just a new way of technically managing their challenges, and CEO Glen and the senior vice president of HR came to us already believing the need related to leadership and the culture. As Glen told us, “I believe this is going to be solved through leadership, not by management. I’m just not quite sure how.”

We delve into this case more deeply later in the book. As you will see, Glen’s own ultimate willingness to develop his own leader logics would contribute greatly to the transformation that was achieved.

As Memorial’s process of transformation unfolded, leaders were willing to give the basic process of opening up leadership culture the time that this work required. They took part in meetings lasting more than three full days in order to undertake change. Executives brought key directors into a group that became Memorial’s change leadership team. In turn, members of this team took courageous risks. They were willing and able to engage in truth telling; go after root causes; endure breakthrough, confusion, and relief; and take on sacred cows. They also extended work outward from the change leadership team to other leadership teams and eventually to all managerial ranks.

In this process, of course, they encountered problems. The biggest was that one powerful member of the senior leadership team was determined to undermine change covertly. We’ll say more later about how that played out for two years before it was solved.

A few years later, however, after Memorial Hospital had undergone its first-level transformation in leadership culture, we measured its stage of development. We measured the leader logics

of all members of the executive team. Glen declared that he knew for certain that his own test results were more advanced than when we had started to work together. When we asked how he knew that, he replied, “How could they not be? I just see things differently now. I have a much bigger view.” Others on the executive team felt the same way. And the data we gathered indicated that every individual on that team had advanced to Freethinker—toward a bigger mind.

In fact, Memorial Hospital’s leadership team had measurably advanced, and in the process it created for itself a bigger mind. It had developed a new set of leadership logics that it could use to meet ongoing and emergent challenges. All members of the team were capable of more complex double-loop learning, a term Chris Argyris (1995) coined. It means going beyond just detecting and correcting a system error (single-loop learning) to also question the values, variables, and root sources of the system error. Double-loop learning not only corrects a current error but also examines the whole system simultaneously and corrects future errors by connecting the dots in potential alternative actions for better results. With double-loop learning, leaders at the hospital were capable of more complex systems thinking and more creative long-term solutions to chronic problems.

At Memorial, individuals sustained the states of making sense of the bigger idea as they practiced it with patients and then took time to make sense of their advances and mistakes. One of the stories from the work with Memorial came from Nancy, a nurse:

I was headed to a nurses’ meeting when I saw a new patient and her family, and they looked lost. So I made the decision to be late to the meeting and instead escorted the patient and family to their room. I was pretty nervous about my decision, because our norm to be on time to nursing meetings is very strict. So when I came in ten minutes late, I just told people about the decision I made and how it was in conflict with our meeting norms.

But we talked about it, and finally everyone could see it was a good decision. I learned something about the personal risk involved in making customer-focused decisions on my own that conflict with other beliefs in the culture.

By taking the risk and applying the bigger idea, Nancy sustained and extended a state with a bigger idea, and she was engaging in the zone of change. This may seem a small and not very significant decision, and yet it is a conscious one she would not have had the presence of mind to make otherwise. Change comes one conscious decision at a time, and a hundred such decisions strung together make for lasting change. In this case, her gamble paid off terrifically: the nursing team supported her decision and made sense together about how this bigger idea was going to change some things—and not just the on-time team norm. Nancy and others could see the implications of continuing with this commitment to the bigger idea. She knew it would change both her beliefs and her actions in ways she didn't yet fully understand.

We hope this example does two things for you. First, we hope it helps you see that bigger minds are possible. Second, we hope it impresses you with the need to stick with it if you want transformation to succeed. Stay the course. You can't fully understand it all ahead of becoming it and doing it. At some point you have to want to do it. You have to intend to be and do the next bigger mind. You have to wake up and pay attention to decisions you are making—all the time.

### **Am I There Yet? A Personal Challenge to Advancing Leadership Logics**

Have you arrived? Do you think you've made it, that you pretty much know all you need to know and that it's others who need to change?

You know what we mean, and maybe you have good reason to think you're home free. Take a look at how successful you

are—can't argue with success! But here's a word of warning: that's the kind of self-satisfaction and perhaps even arrogance that comes with prolonged power.

Maybe you don't think of yourself as arrogant or self-satisfied. Fair enough. But success can actually get in your way developmentally. We'd like to give you a couple of ways to think about success that illustrate its potential to derail your advancement to the next stage of leadership logics.

First, consider the personal trappings that come with your success. You have a power position in the organization, money and stock options, and a second home. You have influence and maybe you get to move in high places with other well-positioned people. Well, so do most of the celebrities featured on the cover of *People* and so do a string of ex-CEOs as long as one's arm. Can you honestly say that the logic of achievement and success is your greatest leadership aspiration—to be wealthy, famous, and influential? Don't get us wrong. We're not saying there is anything wrong with that. We're just asking if that's all there is for you.

Maybe that's all you want. If that's true, then okay; it's your choice. But here's the second challenge to your success: organizations live and die. They live if the leadership in them can create new logics and adapt, and if not, they die. At this writing, conditions in the financial industry bear out this fundamental truth. It is easy to speculate that myriad leaders without the bigger minds required for sound, long-term strategy have been cluelessly leading their organizations down dead-end roads. It's positively Darwinian. States can prop up their organizations no matter what the rest of the world is doing, but recent history in what was once the Soviet Union and the rise of competition in China are just two examples of how well that idea plays out. You may be at a point where you need to change and transform your leadership logic in order for your organization to meet rising challenges. If you're convinced that the leadership in your organization (but not *you*) needs to change, chances are that you personally won't be overseeing successful major change.

## Ceilings and Floors

People for whom financial success is the primary logic behind their actions (you'll find lots of them in the Independent-Achiever stage) sooner or later hit a ceiling at which a repetitive, circular "more and more and more and more" is their only aspiration. Until that logic changes, more and bigger is all they know, and they will repeat the same unexamined routines over and over. They're not advancing; they're bouncing off the ceiling of their own reasoning, trapped in a loop closed off from alternative ideas.

We are suggesting that you raise the ceiling of your leadership logic when it has outlived its usefulness. Challenge your current thinking and aspirations and look at the potential of changing your logic and getting a bigger idea about the way the world can work for you. You have to outgrow habits and conventional thinking if you're to successfully meet the grizzly challenges that face you and your organization every new day when the sun comes up.

Whatever the ceiling is of your current leadership logic, that ceiling limits the way you think about and consider alternatives for yourself and your organization. One thing is absolutely certain: left unexamined, your ceiling will block more complex ways of understanding your situation and creating alternatives. If you can challenge your habits, raise the ceiling, and create more Headroom for your awareness, you will be able to develop to that next stage of leadership logic.

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## Exercises

### Questions

To gain a sense of what leadership logics mean to you, consider these questions, and write your answers in your journal:

- Who is the "advanced" wise person in your life whom you aspire to be like?
- What is your highest aspiration? What more advanced value do you seek to attain?

- How do your current beliefs about development restrict your own advancement toward a bigger mind?
- What do you need to do for yourself to try out and practice risk taking and learning that advance your leader logic and get a bigger mind?
- What does your senior leadership team need to do to awaken and energize Inside-Out development in the team?
- What does your senior leadership team need to do to awaken and energize Inside-Out development in the organization?
- What does your senior leadership team need to do to awaken and energize Inside-Out development in the leadership culture?

### Plot Your Leadership Logic

Locate yourself on the Leadership Logic pathway in Figure 3.1, and then respond to this question: What specific change in your belief system about development would help you move further along?

In your journal, record how your level of leadership logic is expressed in what you do and how you do it as a senior leader in your organization. As you write, address this question again: What specific developmental change would you make to help you move along and up the staircase?

Repeat this process as a personal assessment of members of your senior leadership team (pick a friendly teammate or two to play with). Then at a team meeting, share what you have learned, and engage in a conversation around implications for the current collective leadership logic and culture and what commitments the team would make to advance on the pathway.

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