

Book Review

Reinventing Organizations: A Guide to Creating Organizations Inspired by the Next Stage in Human Consciousness, by Frederic Laloux. Brussels, Belgium: Nelson Parker, 2014, ISBN: 978-2960133509, 378 pp. \$12.37, paperback.

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Reinventing Organizations: A Guide to Creating Organizations Inspired by the Next Stage in Human Consciousness is a summary of Laloux's (2014) research into new-paradigm organizations that honor the human spirit at work. He began the book with a review of Ken Wilber's (2002) work on the stages of development for humans and organizations. For those unfamiliar with Wilber's model, this is an excellent review. After developing this historical and developmental perspective, Laloux (2014) launched into a description of several European and American organizations that operate out of this evolutionary perspective. He discussed, in detail, the structures, practices, and cultures of such organizations, frequently comparing them to the features of earlier paradigms without a hint of criticizing these earlier models. He then moved into a discussion of the necessary conditions for the emergence of an evolutionary organization, how to start one, and how to convert an existing organization into such a paradigm. We loved his honesty in looking at the potentials as well as the challenges of creating an evolutionary organization. Laloux then moved into an exploration of possible future research questions, what might lie beyond this paradigm, a possible evolutionary society. Overall, this is an excellent work, really a seminal work, on new-paradigm organizations.

This book certainly qualifies for the *Journal of Social Change's* definition of *social change*: At Walden University and in the *Journal of Social Change*, positive social change means the improvement of human or social conditions by promoting the worth, dignity, and development of individuals, communities, organizations, institutions, cultures, and/or societies. This book clearly articulates a new paradigm of organization that is emerging on the planet right now, and this new paradigm offers hope that we can create organizations that honor the human spirit at work.

Laloux (2014) began with a review of Ken Wilber's (2002) pioneering work on the stages of consciousness development of individuals and organizations. As he discussed the evolution of organizations, he made a very interesting point: "with every new stage in human consciousness also came a breakthrough in our ability to collaborate, bringing about a new organizational model" (Laloux, p. 13). He began by discussing the reactive paradigm; this is the earliest paradigm, spanning from 100,000 to 50,000 BC. This era was characterized by small bands of people based on family kinship. Around 15,000 years ago, there began to develop what Laloux called the magic paradigm; in this model, there was a shift from small family bands to tribes of a few hundred people. With this shift came increasing complexity. Cause and effect were poorly understood, so causality was a magical event; the gods did this and that. Ritualized behavior was important to assuage these magic entities.

Next came the impulsive paradigm; this brought the "chiefdoms" (small conquering armies, for example) and the emergence of ego differentiation. People began to have a sense of self that was separate from everything else. Role differentiation was now possible. Slavery entered the picture;

there were now masters and servants, so to speak. This organization was perfectly suited for hostile environments, combat zones, civil wars, and so on, where there was a need for power and control (think today's organized crime mobs). After this organizational paradigm came the conformist organization, where humans moved from tribes into horticulture and farming. A large part of the world operates in this paradigm. Emphasis was placed on bureaucracy and organization. People were expected to operate with self-discipline and self-control: Do what is "right," and you will be rewarded. The goal was order, stability, and predictability. In this paradigm, refuge was found in strictly defined roles, identities, and rules/regulations. In these organizations, the thinking was done at the top, and the doing was done at the bottom. The underlying worldview was what Douglas McGregor (1960) called the "Theory X" mindset; workers were mostly lazy and incompetent and needed direction.

After this organizational model came the achievement paradigm. This was another breakthrough into the focus on effectiveness and results and technology. This opened up scientific investigation, innovation, and entrepreneurship. Major gains were made in this paradigm. The worldview was materialistic; if it couldn't be measured, it probably wasn't important or didn't exist. Here was the meritocracy; people should be free to pursue their goals and make it to the top. So, to summarize, Laloux (2014) said that "street gangs are examples of Impulsive organizations, the Catholic Church and the military are examples of Conformist organizations and modern global corporations are examples of Achievement organizations" (p. 25). Achievement organizations had three distinct features: (a) innovation, (b) accountability, and (c) meritocracy. Each paradigm has a leadership style that suits its worldview: impulsive calls for the authoritarian, predatory leaders; for the conformist, paternalistic authoritarians in keeping with the metaphor or organization as machine; and for the achievement paradigm, the application of an engineering perspective (the scientific method), goal orientation, and focus on solving problems is the normal approach. Organizations, in this paradigm, are seen as well-oiled machines, capable of efficiency and effectiveness.

The next and most widely understood paradigm in the West was the pluralistic organization, evolving from the excesses of the achievement paradigm with its "materialistic obsession, its social inequality, and the loss of community" (Laloux, 2014, p. 30) and the ruthless drive to the top. Pluralistic organizations emphasized fairness, equality, community, cooperation, and consensus. In these organizations, every view needed to be heard and respected. Relationships were valued over outcomes. This paradigm was uneasy with hierarchy and power. So, you could experience delay (or failure) through consensus. No one wanted to exclude anyone (or any idea), so Ken Wilber (2002) called this *Boomeritus*, a paralysis of will and action. Pluralistic organizations did have three breakthroughs, though: (a) worker empowerment, (b) a values-driven culture an inspirational purpose; and (c) use of a multiple-stakeholder perspective. This is the organization viewed as a family. All of these paradigms have one thing in common: members of a given paradigm all feel that folks with different paradigms are *wrong*.

We then entered what Clare Graves called "second-tier paradigms" (Banner, 2008). This book is about evolutionary organizations, which is the first paradigm that includes all the other paradigms without making any of them wrong. It has been called self-actualizing, authentic, or integral. This is a higher vantage point from which to view the world; a broader perspective, if you will. In evolutionary organizations, we shift from external to internal yardsticks of measurement. We are now concerned with inner rightness: "Does this decision feel right?" "Am I becoming all I was created to become?" "Am I being of service to the world?" "Am I serving my highest calling?" In this

paradigm, we let go and listen to what life would have us do, that is, we listen to the life that wants to be lived through us. Life is now seen as a journey of discovery, of unfolding, and “mistakes” are now okay to make. Wisdom is now seen as beyond rationality; intuition comes into the fore. A driving motivation in these organizations is wholeness with life and nature. The metaphor for teal organizations is organization as living system. This model is now being articulated by a number of authors, notably Peter Senge (1990), Jerry Jaworski and Betty Flowers (1996), and, most recently, Otto Scharmer (2009) with his groundbreaking book *Theory U: Leading From the Future as It Emerges*, where he discussed what he calls “leading from the future as it emerges.” This is clearly a step way beyond the old prediction-and-control paradigm.

Most of the rest of the book is an in-depth look at 12 evolutionary organizations (the majority of them are European; four are American), across a variety of industries: (a) AES in the United States (energy sector, global, 40,000 employees, for profit), (b) BSO/Origin in the Netherlands (information technology consulting, global, 10,000 employees, for profit), (c) Buurtzorg in the Netherlands (health care, 7,000 employees, not for profit), (d) ESBZ in Germany (school, Grades 7–12; 1,500 students, faculty, staff, and parents; not for profit), (e) FAVI in France (metal manufacturing, 500 employees, not for profit), (f) Heiligenfeld in Germany (mental health hospitals, 600 employees, not for profit), (g) Holacracy One in the United States (a consultancy that introduced an organizational operating model now called HolacracyOne, a training, consulting, and research company for this new paradigm of organization), for profit; (h) Morning Star in the United States (food processing, approximately 2,400 employees, for profit), (i) Patagonia in the United States (apparel, 1,350 employees, for profit), (j) RHD in the United States (human services, 4,000 employees, not for profit), (k) Sounds True in the United States (media, 90 employees [and 20 dogs], for profit), and (l) Sun Hydraulics in the United States (hydraulics components, global, 900 employees, for profit). It is interesting to note that none of these organizations is well known, and that shouldn’t be surprising. The old paradigm dies hard; we are so used to the military model of command and control that it might take a while for this new one to take hold in the wider sphere of practice.

The book then turned to a description of self-management as a structure for this type of organization. Self-managing teams have been around since the early 1990s, and I have written about them extensively myself. The fact that you can get what Laloux (2014) called outrageous results with no bosses is new for an entire organization. Also, there is no middle management and only a bare minimum number of staff functions. There is no executive team and very few meetings; coordination and knowledge exchange occurs across teams. Laloux called this the product of an exchange of control for trust. People are treated as self-authoring adults rather than children who need to be “supervised,” and voila! That is what you get! And, surprisingly, this can work in organizations with tens of thousands of workers; especially, it works for so-called blue-collar workers. There are no organization charts, job descriptions, or job titles in these organizations.

In addition to being a structure, self-management is a process, and the key to its success is decision-making with the “advice process” outlined in detail. When an employee wants to make a decision about something, all he or she needs to do is seek the affected parties and people with expertise on the subject in the organization. Then, with their input, the person makes his or her decision. So, it is not the “Wild West” where anything goes, but rather a sober consideration of factors involved before a decision is made. No, it is NOT consensus; the person still makes the decision regardless of the advice. What are the assumptions behind this process? Remember Douglas McGregor’s Theory X and Y? Under Theory Y, some assumptions are that (a) people are systematically considered to be good,

(b) there is no performance without happiness, and (c) value is created on the shop floor. Information flow is key here. Most of these organizations use their Intranet extensively, sharing information widely so everyone is aware of decisions being made. Also, conflict resolution is self-managed. At first, the parties sit together and talk. If that doesn't work, they appoint a mediator. If that fails, they appoint a panel of colleagues with topic-relevant knowledge to weigh in on the process. Failing all that, the chief executive officer can be brought in to add his or her perspective. But no one is told what to do!

We can see that all of this is an evolutionary process at work. In the early 60s, we had the great leadership theorist Warren Bennis (1960) publish his masterpiece, *Beyond Bureaucracy*, in which he clearly articulated the dysfunctions of the bureaucratic structure. At about the same time, McGregor (1960) came up with his now-famous Theory X–Theory Y hypothesis, showing that managerial attitudes are key in creating a workplace of fear, control, and lack of trust or one of participation and collaboration. But, as Rensis Likert (1961) famously pointed out, you can't just jump seamlessly into a Theory Y organization. People, conditioned to being told what to do, show little initiative and conform to rules, policies, procedures, and hierarchy. Avoiding punishment becomes the *raison d'être* of the workers. Chris Argyris (1964) clearly articulated how hierarchical organizations create dependent, fearful workers.

I learned this in my early years of teaching at university, when I tried to create a self-directed learning environment by letting the students decide how they want to learn, that is, what tests to take (or not take), what books to read, whether to use guest speakers, and so forth. As the tension rose in the classroom by Week 3, a student stood up suddenly and said plaintively, “Why don't you tell us what to do? The university is paying you good money to tell us what we need to know!” So I said, “Sure; if this is what you all want.” They all did and the tension dropped dramatically. I learned a great lesson; you can't just jump into a new paradigm without preparation. Many modern organizations that have tried self-managed teams, a matrix structure, or a virtual organization have learned the need for reconditioning their workforce first.

In *Reinventing Organizations*, all the roles that need to be handled do require some getting used to! Rather than review it all here, suffice it to say, you will not be disappointed in reading how they managed to succeed through a somewhat fraught transition and have thought of ways to do everything needed in an organization without bosses, hierarchy, control systems, and the like. The power of these organizations is *trust* and, yes, *love*, but those at the leading edge of this evolutionary turn are making it work and have incredibly powerful results to show for it.

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