Summit Strategies

The Challenge
Of Sustainability

*A Structural Approach to
Creating Sustainable Businesses*

Bruce Elkin

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INTRODUCTION

The Challenge of Sustainability

Those who do not create the future they want,
must endure the future they get.
Draper L. Kaufman, Jr

Business has become the largest human force on the face of the earth. The effects and so-called side-effects of doing business have become geological in their impact on the planet.

Critics, like former Ford Foundation consultant, David Korten, castigate corporations, especially the large multi-nationals, for failing to act responsibly. In *How Corporations Rule the World*, he argues that "once beneficial corporations" are now "instruments of a market tyranny that is extending its reach across the planet like a cancer, colonizing ever more of the planet's living spaces, destroying livelihoods, displacing people, rendering democratic institutions impotent, and feeding on life in an insatiable quest for money."[1]

Harsh words. But it's not just critics that are concerned about the global effects of business. John Browne, Group Chief Executive for the energy giant BP America, says "it would be unwise and potentially dangerous to ignore the mounting concern."[2] That mounting concern includes greenhouse gases, disappearing forests, global warming, climate change, and the widening gap between the haves and the have nots globally. It includes the fact that the 6 billion inhabitants on this planet may double in just a few decades, and that many, if not all, of the living systems upon which all of our health, wealth, and well-being depend are in jeopardy.

"Civilization," says, Paul Hawken, "has arrived at an extraordinary threshold: all living systems upon which life depend are in decline, and the rate of decline is accelerating as material prosperity increases."[3] Scientists and growing numbers of business people think we may be on a collision course with some kind of collapse of the Earth's capacity to provide not only resources but the invisible "ecosystem services" (such as photosynthesis and the continual exchange of carbon dioxide and oxygen among plans and animals) that are performed by natural systems. "As more people and businesses place greater strain on living systems," warn the authors of *Natural Capitalism*, "limits to prosperity are coming to be determined by natural capital rather than industrial prowess."[4]

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[1] Korten, David, *How Corporations Rule the World*, Kumarian Press and Berrett-Koehler Publishers, West Hartford, CT and San Francisco, CA (!995)

[2] In a speech given at Stanford University, May 19,1997, quoted in Carl Frankel, I*n Earth's Company*, New Society Publishers, Gabriola Island, BC, (1998)

[3] Paul Hawken, in the Foreword to Carl Frankel's *In Earth's Company,* New Society Publishers, Gabriola, Island, BC, Canada, (1998)

[4] Paul Hawken, Amory Lovins, Hunter L. Lovins, *Natural Capitalism*, Little Brown and Co. (Boston) 1999

True, there are some questions about the data. However, in his Stanford speech, BP's Browne suggests that "the time to consider the policy dimensions of climate change is not when the link between greenhouse gases and climate change is conclusively proven but when the possibility cannot be discounted and is taken seriously by the society of which we are a part. We in BP have reached that point. … If we are all to take responsibility for the future of our planet, then it falls to us to begin to take precautionary action now."

The decline of living systems is not inevitable. We have a choice.

Business can choose to be a force for the good of all people and for the good of the whole planet, or it can be a force that threatens the integrity and viability of all life on Earth. In the WorldWatch Institute's *State of the World Report* for 1993, the authors wrote:

> We know what we have to do. And we know how to do it. If we fail to convert our self-destructing economy into one that is environmentally sustainable, future generations will be overwhelmed by environmental degradation and social disintegration. Simply stated, if our generation does not turn things around, our children may not have the option of doing do.

To turn things around, to convert our self-destructing economy into one that is both environmentally and economically sustainable, we must first know where we want to go. We need to ask ourselves, What would an environmentally sustainable economy look like?

What Is Sustainability?

"Sustainable" and "sustainability" are short forms of an idea put forward in a 1987 United Nations report, "Our Common Future." In it, the Brundtland Commission questioned whether accelerating rates of physical growth were sustainable. They stressed that our economic future is closely tied to the health and integrity of natural systems—that a healthy economy and a healthy society both rest on a healthy ecology. They argued that if we are to meet the needs of the present without compromising the ability of future generations to meet their own needs, we need to shift from economic *growth* to "environmentally sustainable economic *development*."

"Sustainable development," says sustainability specialist Carl Frankel, "implies the integration of economic and environmental planning: wealth continues to be created, but through processes that do not draw down the material resources on which we and future generations depend. We grow without depleting our 'natural capital.'"[5]

In a sustainable approach, corporate growth or development is guided, not only by a desire for profit, but by the values of long-term ecosystem protection and widespread social fairness. Research shows that businesses that do well by doing good meet what Brian Nattrass and Mary Altomare call "sustainability's triple bottom line: profits, people and planet."[6]

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[5] Frankel, Carl, *In Earth's Company,* New Society Publishers, Gabriola Island, BC Canada (1998)

[6] Nattrass, Brian, and Altomare, Mary, *The Natural Step for Business,* New Society Publishers, Gabriola Island, BC, Canada (1999)

Three Key Elements of Sustainability

In their *Economic Renewal Guide*, the Rocky Mountain Institute (RMI)[7] suggests that environmentally sustainable development includes three key criteria:

Renewability means using resources no faster than can be replenished. This prevents ecological and economic depletion. Logging towns collapse when they cut timber faster than it grows back. Retirement and resort communities whose growth results in urban pollution, suburban subdivisions, and congestion grow themselves out of business. Companies like Home Depot find that customers refuse to buy wood that has not been certified as sustainably logged.

Digestibility means that an economic system can re-integrate waste and the by-products of production and consumption back into an on-going cycle of re-use and re-cycling. This is how natural systems work. Waste from one species becomes food for another. In business, "industrial ecologies"[8] cluster businesses so that waste from one company becomes raw material for another. By designing industrial infrastructures as if they were human-made ecosystems, these businesses take the natural environment as their model for creating a new industrial system.

Equity among different people and among generations is also key to sustainability. It is not fair for this generation to deplete the capital assets of our natural resources and leave nothing for later generations. Nor for the developed nations of the North to get rich on the backs of the developing nations in the South.

To determine if an activity is sustainable, RMI suggests that we ask, does it*:*
- use materials in continuous cycles?
- use renewable sources of energy?
- come primarily from human potential—things like ideas, service, the arts, culture, communication, learning, and creativity?
- respect and support local and global ecological systems?

If it does the activity is likely to be **sustainable**.

Or, we can ask does an activity:
- require continuous use of non-renewable resources?
- use renewable resources faster than their capacity to grow back?
- degrade the social and natural environment?
- require resources in quantities that could never be accessible to people everywhere?
- lead to the extinction of other life forms?

If it does it is likely to be **non-sustainable**.

The Natural Step: A Framework for Sustainability

Perhaps the most simple, yet practical approach to defining sustainability comes from Karl Henrik Robèrt, founder of *The Natural Step,* a Swedish approach to designing for sustainability. Dr. Robèrt developed a broad scientific consensus around four basic

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[7] Rocky Mountain Institute, www.rmi.org

[8] See Hardin Tibb's booklet, *Industrial Ecology: An Environmental Agenda for Industry,* The Global Business Network, Emeryville, CA (1993)

principles—systems conditions for sustainability—and a future-focused planning framework designed to help guide organizations and individuals toward sustainable practices.

The four systems conditions specify that:

1. Nature cannot "take" (i.e. withstand) a systematic build up of dispersed mattered mined from the Earth's crusts (e.g., minerals, oil).

2. Nature cannot take a systematic buildup of persistent compounds made by man (e.g. PCB's, dioxins, CFCs).

3. Nature cannot take a systematic deterioration of its capacity for renewal (e.g., harvesting fish or trees faster than they can replenish, converting fertile land to desert or asphalt.)

4. Therefore, if we want life to go on, we must be (a) efficient in our use of natural resources, and (b) just—in the sense of promoting justice—because ignoring poverty will lead the poor, for short-term survival, to destroy resources that we all need for long-term survival (e.g. rainforests).[9]

The four systems conditions provide companies and communities a new set of design parameters, enabling them to rethink their operations and supply chains so that they are sustainable. Interestingly, companies that adopt the principles and framework of The Natural Step find that eliminating waste and inefficiency by designing for sustainability, they also make more money.

An increasing number of business people now listen when respected business leader, and CEO of The Natural Step-US, Paul Hawken, urges corporate colleagues to,

> "Leave the world better than you found it, take no more than you need, try not to harm life or the environment, make amends if you do. Sustainability means … your business must deliver clothing, objects, food, or services to the customer in a way that reduces consumption, energy use, distribution costs, economic concentration, soil erosion, atmospheric pollution, and other forms of environmental damage."[10]

Hawken and other forward thinking experts agree with BP's John Browne that rather than wait until we are forced to change—either by banging up against the physical limits of the Earth's carrying capacity, or by heavy-handed regulators—that we would be environmentally and fiscally wise to take precautionary action now.

However, taking precautionary action can be reactive, or it can be creative.

Rather than describing our current situation as a crisis or some other form of problem, thus limiting our actions to reactivity searching for solutions to that problem, I'd like to suggest

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[9] "The Natural Step: Combining Wealth, Ecology, and Evolution," in *Timeline*, the newsletter of the Foundation for Global Community (2000)

[10] Hawken, Paul, *The Ecology of Commerce*, HarperCollins, New York (1993)

that we view this historical moment—for both business and society—as a challenge, a creative opportunity, a chance to envision and create the kind and quality of future we *most* want.

As we'll see shortly, there is a profound and fundamental difference between problem-solving and creating. By problem solving, I mean focusing on what we don't like and don't want, and taking action to get rid of it. By creating, I mean focusing on what we truly *do* want, and taking action to bring it into being—regardless of problems, circumstances, or current capacity.

Problem solving usually leads only to temporary relief from the intensity surrounding the problem. Often the cure is worse than the disease; solutions turn out to be larger problems than those they were intended to solve. Creating, because it can embrace and transcend problem-solving is a more senior structure. It leads more consistently toward real and lasting results.

While it is true that there are problems that must and will be solved on the road to sustainability, I believe that the real results—the healthy, prosperous, sustainable lives, work, and world we all so deeply long for—will only come from a concerted and collective effort to *create* the kind and quality of future we most want.

That's the true challenge of sustainability.

The Challenge of Sustainability

In *The Ecology of Commerce*, Hawken challenged business to take the lead in turning things around. He urged us to design "a system of commerce and production where each and every act is inherently sustainable and restorative . . . where doing good is like falling off a log."[11]

In that book and in the more recent *Natural Capitalism,* which he co-wrote with Amory and Hunter Lovins, Hawken lays out his vision of a sustainable, restorative economy and specifies the key design criteria that such a system should meet.

Criteria For A Sustainable, Restorative Economy

1. Operate effectively on one-fifth the energy currently consumed in the North.

2. Provide secure, stable, and meaningful employment for people everywhere.

3. Be self-actuating as opposed to regulated.

4. Honor market principles.

5. Be more rewarding than our present way of life.

6. Exceed sustainability by restoring degraded habitats and ecosystems.

7. Rely only on current income.

8. Be fun, engaging and value beauty and an aesthetic outcome.

However, far more people read Hawken's books than put his ideas into practice. Why? Although the ideas may be intellectually challenging, the practical realities preventing their application make them seem impossible to many. "It's a great idea," a Vice-President of planning for a large high-tech company told me, "but there's no way we could even meet the

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[11] Hawken, Paul, *The Ecology of Commerce*, HarperCollins, New York (1993)

first criteria. I doubt that anyone could." Others dismiss Hawken's challenge as an impossible pipe dream. "You can't get there from here," joked another VP, only half humorously.

Are they right?

Is realizing such a grand vision impossible?

Or does it just appear to be impossible when viewed from within the frame of the conventional strategic planning approaches in which most businesses currently operate?

Could those planning approaches blind users to the possibility of achieving grand visions?

Strategy expert, Gary Hamel, author of *Leading the Revolution*[12] thinks so. Writing in the *Harvard Business Review*, he says, "The essential problem in organizations today is a failure to distinguish *planning* from *strategizing*. Planning is about programming, not discovering. Planning is for technocrats, not dreamers. Giving planners responsibility for creating strategy is like asking a bricklayer to create Michelangelo's *Peità.*"[13]

Because conventional planning is undertaken within a frame that limits companies to finding a *fit* between current capacity and future aspirations, leaders who adopt such fit-based processes are *not* challenged by grand visions; they are threatened. Given their current capacity and the limited goals that emerge from fit-based planning processes, they reasonably conclude that Hawken's audacious vision *is* impossible.

However, I have found that when these same leaders view Hawken's criteria for a sustainable system of commerce from the more creative, "stretch" framework that we'll work with in this booklet, his vision becomes an engaging challenge that compels individuals and organizations to stretch for greatness, to reach beyond what is for what truly matters to them.

The Challenge of Deep Change

Hawken's vision and others like it will not be met with mere surface changes in behavior. Stretching for what truly matters requires deep change, what Peter Senge calls "profound change. . . change that combines inner shifts in people's values, aspirations, and behaviors with outer shifts in processes, strategies, practices, and systems."[14]

The word "profound" comes from the Latin *profundus*, meaning deep, or bottom; fundamental. Deep change, says Senge, "means, literally, "moving toward the fundamental."… It is not enough to change strategies, structures, and systems, unless the thinking that produced those strategies, structures, and systems also changes."

This booklet is about how to make the deep change that moves you towards what you most want to create. It's about a shift from strategic planning to strategic design, and to actualizing that design through the process of creating deeply desired results. It's about the framework, skills, and strategies needed to rise to Hawken's challenge and make it happen.

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[12] Gary Hamel, Leading the Revolution, Harvard Business School Press, Cambridge (2000)

[13] Gary Hamel, Strategy As Revolution, Harvard Business Review, July-August 1996

[14] Peter Senge, "The Leadership of Profound Change," in *The Dance of Change,* Peter Senge, Art Kleiner, Charlotte Roberts, Richard Ross, George Roth, and Bryan Smith, Currency Doubleday, New York (1999)

It is not about the science nor the nuts and bolts of operationalizing sustainability. Nor is it a case study of successful sustainable businesses. Others such as Hawken, Hunter and Amory Lovins, Carl Frankel, Alan AtKisson, and Brian Nattrass and Mary Altomare have done an excellent job of documenting the specifics of sustainability.

This is a call for a new way of thinking and doing, a call for the deep, creative change that will be needed to meet that challenge that sustainability presents. It provides an integrated approach to organizational design, strategy, and planning. It outlines a higher-order, generic approach that will enable you to change not just surface behaviors but also the deeper structures that give rise to those behaviors. In so doing, I hope that you will be better equipped to create strategies and processes in which people, profits, and the planet all benefit.

Throughout this booklet, I refer to leaders as creators. By this I do not mean just top-level executives and managers. I mean anyone who is committed to the process of initiating and sustaining deep change in themselves and their organizations. I believe that leadership arises out of our capacity to hold *creative tension*, the energy generated when we simultaneously hold a clear, and compelling vision of the future we most want together with an objective, accurate assessment of our current reality and share both with those around us.

This booklet is directed to anyone who wants to generate the deep changes needed to create a sustainable and restorative way of living and doing business, in spite of the problems, obstacles, and external circumstances we now face.

Taking On The Challenge

To see a vision of a sustainable organizations operating within sustainable economy as a challenge, leaders at all organizational levels will have to do three key things:

1. Recognize the limits of conventional, problem-focused fit-based planning; understand that most such planning is not strategic; and discover that the conventional strategic planning approach is not the only game in town.

2. Transcend fit-driven, conventional approaches to organizational planning in favor of *inventional* approaches to organizational design that can and do embrace Hawken's vision. Such approaches integrate strategy, planning, and implementation within a design framework that allows leaders to see the gap between vision and reality as a challenge, not a threat.

3. Expand their capacity to create the future they truly want by developing a set of broadly applicable "skills for creating." Such *generic*, high-level tools will give them and their organizations the practical creativity needed to bridge the gap between visions like Hawken's and their current organizational capacity. Mastery and application of such skills for creating have been shown to bring out the highest and best in leaders and their organizations, and to generate healthy profits.

In Chapter One, we'll address the first two points by examining the limits of conventional, problem-focused, fit-based planning programs. We'll see that six major flaws prevent these approaches from consistently producing and sustaining desired results. We'll see that to produce the results we truly want, we will have to change not only current business behavior but also the deeper structure that underlies those behaviors.

In Chapter Two, we'll look at the limits inherent in problem-solving as a results-producing approach. We see that it problem-solving as generally carried out is neither a solid, nor powerful enough platform on which to create the lasting results a sustainable future demands.

In Chapters Three and Four, we will address the third point by examining the more powerful and comprehensive, strategic structure of the creative process, and its application to organizational design, planning, and strategy. We will also examine the seven generic skills for creating almost anything that interact to make up the deep structure of creating. We will see that when viewed from within the design-focused frame of creating, Hawken's vision can become an engaging, doable, and profitable challenge .

In Chapter Five, we'll look at the seven leadership practices that enable successful change agents to apply and practice the generic creating skills and to grow successful change efforts.

In Chapter Six, we'll look at the concept and practice of co-creating mutually-desired results with others. We'll also look at a hopeful, new approach to deep change that is informed by the principles of quantum physics and expedited by connectivity.

We'll conclude with a call to action, a call to create new kinds of businesses in a new kind of economic infrastructure—one that fits into the natural ecostructure of which we are but a part, and on which all health, wealth, and well being depend.

We'll start our exploration into deep change and the creative process by looking at the limits of conventional strategy and planning approaches.

PART ONE
The Limits of
Conventional Approaches

We are at the very point in time when a 400-year-old age is dying and another is struggling to be born—a shifting of culture, science, society, and institutions enormously greater than the world has ever experienced. Ahead, the possibility of the regeneration of individuality, liberty, community and ethics such as the world has never known, and a harmony with nature, with one another, and with the divine intelligence such as the world has never dreamed.

Dee Hock, Founder & Architect of VISA

CHAPTER ONE
The Limits of Conventional Planning

As "strategy" has blossomed, the combativeness of Western companies has withered.

Gary Hamel and C.K Prahalad

(A)s corporate staffs have flourished and as the notion of strategy has come to dominate business education and practice, our factories have steadily lost ground to those in other countries where strategy receives far less emphasis and the "professionalization" of management is far less advanced.

Robert H. Hayes

At the core of deep change is the capacity to create strategies that lead us from where we are toward what truly matters to us. Where then do these innovative strategies come from? It might surprise you to find that many experts who have studied this question conclude that they rarely come from conventional strategic planning processes. "Ultimately," says Henry Mintzberg, McKinsey Award winning author of *The Rise and Fall of Strategic Planning,* "the term "strategic planning" has proved to be an oxymoron."[15]

Gary Hamel is more blunt about the fallibility of those of us who would sell you strategy-making services: "The strategy industry—all those unctuous consultants, those self-proclaimed gurus, and left-brained planners—doesn't have an answer. … They don't have a theory of strategy creation, much less any insight into how to build a deeply embedded capacity for strategic innovation."[16]

It is this capacity for strategic innovation—inventing new practices and creating desired results—that we are most interested in examining in this booklet. However, before we do, we need to take a look at the limits of both conventional strategic planning and the problem-focused approach that underlies it. We'll do the former in this chapter, the latter in the next. As well, in this chapter we'll begin to see the outlines of a comprehensive, integrated, design-driven approach to creating truly outstanding results.

Let's start by looking at the limits of conventional planning processes.

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[15] Henry Mintzberg, T*he Rise and Fall of Strategic Planning,* The Free Press, New York (1994)
[16] Gary Hamel, *Leading the Revolution,* Harvard Business School Press, Boston (2000)

Why Conventional Strategic Planning is Often Neither

Typically, the annual strategic planning ritual begins by focusing on current problems, circumstances, and issues. The most intensive problems get the most attention. Planners assess the team's or organization's capacity to deal with those issues. Then they set goals and tasks that fit within that capacity. Although it can seem reasonable, this "fit" approach to planning can be severely limiting, even deadly. The fit approach contains six fatal flaws:

1. Getting rid of what you *don't* want, though often necessary, rarely results in you bringing into being what you truly *do* want to create.

"Fit" goals are more often about eliminating (or merely getting relief from) pressing problems and circumstances than they are about producing real and lasting results. This problem-solving bias is reactive. It forces executives and managers into a victim role. Circumstances drive their actions, not a deep desire for results. In this stance, leaders are limited to reacting or responding to what happens. The real power is in the circumstances, not in the leader's own hands.

Planning under the sway of circumstances is, at best, imitative, at worst, merely reactive.

Although it is sometimes a necessary part of the creative process, problem-solving by itself will *not* produce the kind and quality of results Hawken envisions. Getting rid of pollution, for example, will not result in a sustainable, restorative economy. It hasn't even resulted in clean, healthy air. It might help to know that in horse-reliant Victorian times, the automobile was first introduced as "the *solution* to pollution."

2. Incremental goals fail to bring out the highest and best in organizations and employees.

"Make no small goals," the old saying suggests, "for they lack the power to stir our souls." Ritualistic planning is pedestrian. It rarely stirs anyone to sustained action let alone to produce great results. "Fit" goals are modest: a five percent increase in this, fifteen percent in that. They are reasonable, realistic, doable. They can also be deadly boring. Employees who are asked to invest energy and hope in such planning processes soon lose both.

"Do you know why the battles around here about goals and strategy are so bitter?" a middle manager asked me. When I asked "Why?" he replied, "Because the stakes are so low."

3. Because most "strategic" plans are actually low level programming documents, they rarely account for unpredictable shifts in reality,

Conventional strategic plans are too often merely static lists of programs and tasks that planners assume must be carried out. Such plans do not account for on-going change, novelty, or even for learning and success. Most view change as the enemy rather than as a useful force to be harnessed in support of vision and results. Such plans force companies to work *against* the forces in play, wasting time, energy, and resources. Given today's accelerating rate of change, most of these plans are out of date before they are completed.

4. Plans too often take precedence over ends.

Because plans are usually made for, not by, those charged with carrying them out, keeping to the plan becomes more important than achieving results. Rigidly following the dicta of policy

takes precedence over flexible innovation and invention. Cautious employees and managers protect their flanks. The vital feedback loop between those who made *The Plan* and those who carry it out is severed. Although *The Plan* is followed more or less faithfully, high level goals get lost in rigid adherence to details. Again, employees are asked to invest time, energy, and commitment to goals and objectives that do not engage them in a meaningful way. Quality suffers. Morale lags. Productivity drops.

5. Plans are formulated; strategies often form spontaneously.

Most conventional planning approaches assume that planning is a deliberate, linear process: first think, then act. Formulate, then implement. But this is not the only way strategy comes into being. Strategy can also arise—*emerge*—in interaction with ongoing situations. Strategy can be discovered as well as formulated, created out of the raw materials of everyday reality.

"Smart strategists," says Henry Mintzberg, *"*appreciate that they cannot always be smart enough to think through everything in advance."[17] They are open to "emergent possibilities," the novelty that can arise out of the interaction between vision, reality, and action. Conventional planners are often blinded by the rigidity of their plans and by the financial and emotional investments they have made in them. Emergence is overlooked.

6. Conventional planning acts as a "feasibility sieve."

Hamel and Prahalad suggest that, "Strategies are accepted or rejected on the basis of whether managers can be precise about the "how" as well as the "what" of their plans."[18] Demanding that all action steps be precisely identified before taking action limits the organization to what it can do, or has done. It prevents the organization from stretching for goals for which no conventional approach is readily available. Once again, the organization and its leaders are forced into a reactive position, always (assuming they survive) playing catch-up with the more stretch-capable, creative firms.

In light of these six flaws, is it any wonder that so many conclude that strategic planning, as currently practiced, is neither strategic nor planning?

In fairness to planners, it must be said that conventional planning strategies were designed for conditions of considerably less complexity and much slower rates of change than prevail today. However, the fact remains that conventional approaches will not help us meet Hawken's challenge. In fact, they no longer even serve normal business needs well. As "strategy" has blossomed, report Hamel and Prahalad, competitiveness has withered.

Though not developed with sustainability in mind, the revolutionary, "do much more with less" approach advocated by these experts, and to which me now turn, makes both sound economic *and* ecological sense.

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[17] Henry Mintzberg, "Crafting Strategy," in *The Harvard Business Review,* July-August 1987. See also Henry Mintzberg, The Free Press, New York (1994)

[18] Hamel, Gary and Prahalad, C.K., "Strategic Intent," *Harvard Business Review* (May-June 1989)

Strategy As Stretch and Leverage

Albert Einstein warned that thinking and acting at the level that got us into a predicament will not get us out of it. To create a sustainable, restorative system of commerce, we will have to shift from "fit" to "stretch," from a focus on the "how's" to a focus on the "what's." We can transcend our reliance on conventional planning by shifting to strategy formation that encourages exploration, experimentation, invention, and innovation. By focusing on *creating—i.e. bringing highly desired results into being*—we can bring into being what truly matters most to us and to the customers and communities we serve.

"Doing just the possible is no longer good enough, says Czech president, Vaclev Havel. "We need to do the impossible." A few visionary companies are producing results that were once thought to be impossible. Hamel and Prahalad argue that flourishing businesses like Toyota, Sony, Swatch, Ikea and the Body Shop "approach strategy from a fundamentally different perspective that they call "strategic intent."[19]

Strategic intent is the capacity of an organization and its leaders to envision success out of all proportion to their current resources and capabilities. With strategic intent, organizations create an obsession with achieving success at all levels of the organization, then sustain that vision and the action needed to support it over a period of ten, twenty, even a hundred years—until the impossible is made reality. They do so by using a stretch and leverage strategy. Having set what appear to be impossible goals for their size and capacity, they rely on resourcefulness, innovation, and learning by doing—i.e., creating—to leverage available resources into outstanding results.

Such high-performing companies are true learning organizations. They are not put off by the limits of their current capacity, nor by the gap between their vision and that capacity. They know how to teach themselves what they need to bridge the gap:
- They focus the entire organization on a shared vision of success;
- They motivate people by communicating the value of that vision;
- They encourage lower-level teams and employees to invent how particular aspects of the vision will be realized;
- They sustain their employees energy and enthusiasm by providing new operational definitions of the vision as circumstances change; and
- They use that vision to consistently guide how they allocate resources.
- They expand their capacity through learning, invention, and creativity until their impossible goals become reality.

Fit Limits; *Stretch* Liberates

Stretch and strategic intent played a key role in an organizational design workshop I conducted for the Strategic Planning Task Force of a Fortune 500 manufacturer. The executives

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[19] Hamel, Gary and Prahalad, C.K.,, "Strategic Intent," *Harvard Business Review* (May-June 1989)

on the task force confessed that they had always wanted to incorporate environmental goals into their strategy for two reasons:

    1.) Their largest competitor had a clean, socially responsible approach to production; and

    2.) Each of them personally valued clean air, water, and environmental integrity.

However, they also confessed that they always left such "intangible" goals out of their plans because they did not know *how* to produce nor pay for them. Assuming that responsible actions came with prohibitive price tags, they compromised; they fit reasonable goals to their limited current capacity.

Working within a new organizational design framework that focused predominantly on the "what's," the executives were able to envision *all* of the results they wanted—profit, good relations with employees and the community, clean, efficient production processes, *and* harmonious interaction with the natural systems on which they and their business depended. They were amazed they could set goals that exceeded current capacity and elated when they immediately began to invent ways to make their deep, intangible values a concrete reality.

The key to strategic intent, say Hamel and Prahalad, is to set up "a chasm between ambition and resources." A chasm! Not a nice, comfortable fit. *"The challenge is to improve,"* says Hamel, " … *and to do so radically—500 percent or 1000 percent, not 10 percent or 20 percent."*[20] Creating stretch between resources and aspirations, he contends, is the single most important task senior management faces.

One of the most important effects of strategic intent is that it inspires personal effort and commitment. People love to work for companies that set challenging and meaningful targets. Sustainability is that kind of target.

"The gift of working for sustainability is its meaningfulness," says Paul Hawken.[21]

When Ray Anderson, founder and CEO of US carpet maker Interface, Inc. a set out a vision that Interface would become the world's first sustainable and restorative company, he issued a challenge that engaged employees, suppliers, customers, and investors at a far deeper and more meaningful level than more pedestrian visions like "achieving excellence" or "increasing shareholder wealth." Focused and energized by that vision, Interface's employees have gone on to develop the ground-breaking products like "Solenium," a floor covering service that can be completely remanufactured into itself and the novel "Evergreen Lease" whereby they lease not only the carpet to their clients but also the commitment to keep that carpet clean, fresh, and in top condition.[22]

Interface has shown that a large company can do well by doing good. They are a classic example of the power of strategic intent and the creativity that can flow from it.

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[20] Hamel, Gary, "Strategy as Revolution," *Harvard Business Review*

[21] Brian Nattrass and Mary Altomare, The Natural Step for Business, New Society Publishers, Gabriola Island, BC (1999)

[22] See *Natural Capitalism*, Hawken, et al, page 139.

The Structure of Success

Hamel and Prahalad are not alone in asserting that strategic planning fails when companies trim ambition and lower goals to match available resources. In *The Fifth Discipline*, Peter Senge says, "The dynamics of eroding goals…lies at the heart of the demise…of many American manufacturing industries."[23]

Performance standards slide, Senge says, when short-term problems are "solved" by letting long-term, fundamental goals decline. Solving cash flow problems, for example, without a focus on a greater vision can erode a company's integrity and destroy its clients' trust. However, leaders often fail to recognize the pattern of reactive problem-solving that leads to eroding goals. Focused too narrowly on the problem, they fail to see its relationship to the whole. "The essence of mastering systems thinking as a management discipline," says Senge, "lies in seeing patterns where others see only events and forces to react to."

Success comes from paying attention to both the trees and the forest.

Repeated disagreements between a firm's marketing manager and its director of R & D might, for example, indicate more than just a personality conflict. In fact, an ongoing pattern of such disagreements could indicate that a "structural conflict"[24] has been designed into the relationship between the two managers' roles. The marketing manager's targets might, for example, be much more short term than those of the director of R& D, causing the former—regardless of his or her personality—to be continually impatient with the latter. Conflict that appears on the surface to be personal is seen to be structural in cause.

Most organizational conflict of this kind occurs because members do not recognize dysfunctional structures, and because they lack the capacity to create structures that generate results they truly want. "It doesn't matter how hard people try, how good they are as people or how lofty their aspirations are," says Senge. "There is nothing people are going to do to create the results of which they are potentially capable given the structures that predominate."

To change dysfunctional patterns to functional ones, you have to be able to see below the surface behavior of the system and to recognize the underlying patterns and structures that gives rise to that behavior. Changing the underlying structure can generate far more leverage than trying to manipulate surface behavior through reactive problem-solving.

Senge draws heavily on the work of his old partner, Robert Fritz, author of *Corporate Tides* and *The Path of Least Resistance for Managers.* Although Fritz's "structural" approach to *creating* results—independent of current problems, obstacles, or resources—bears a remarkable similarity to strategic intent, it goes much deeper. "Fritz," says Senge, "is without doubt one of the most original thinkers today on the creative process in business, the arts, science, and life in general. His work has deeply impacted my life and the lives of many of my colleagues."[25]

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[23] Senge, Peter, *The Fifth Discipline,* Doubleday/Currency, New York (1990)

[24] See Robert Fritz, *The Path of Least Resistance,* Fawcett Columbine, New York (1989)

[25] Quoted on the jacket of Fritz's, *The Path of Least Resistance for Managers,* Berrett-Koehler Publishers, San Francisco (1999)

The Path of Least Resistance

Fritz's approach to creating results that truly matter is three-pronged. It driven by *vision*, grounded firmly in *reality*, and focused on *actions* that consistently support desired *results*.

Like Hamel, Fritz urges leaders to craft a vision of what they most want—independent of current capacity or circumstances. But that does not mean ignoring current reality.

Fritz suggests that if you can hold vision and current reality in mind simultaneously, you can access the powerful, *creative tension* which arises out of the gap between vision and reality. You can use that tension to orchestrate consistent movement toward desired results.[26]

Guided by the deeper framework set up by holding a compelling vision in tension with an objective assessment of current reality, action in the creative process more naturally follows a *path of least resistance* from where creators currently are toward the results they envision.

Fritz contends that energy flows where it is easiest to go. Therefor, energy in *any* system follows the path of least resistance laid down by the underlying structure of that system. Water in streams, electricity in circuits, companies in the marketplace, individuals in daily life, all follow the path laid down by their deeper structure.

Following the path of least resistance does *not* mean taking the easy way out.

It's not about laziness, corner-cutting or skimping on quality. Companies that set challenging, "stretch" goals are like rock climbers who choose a challenging route on the sheer face of a high mountain. Once they identify and commit to the challenge, they then seek the most elegant and effective way to realize it. They follow the path of least resistance.

Changing the path requires changing the underlying (usually unseen) structure.

In the case of the marketing and R & D managers described above, as long as the deeper structure underlying their roles was not recognized, the path of least resistance led to conflict. When a structure was established that honoured the value of both managers yet clearly set out the relationship between the two functions, the path shifted. Because the company sought competitive advantage through innovative products and services, R & D was primary. Marketing was important, but secondary, supportive. When these relationships were clarified and reinforced, the conflict between managers disappeared. The path of least resistance led to cooperation in pursuit of the mutually-agreed upon goal of success through superior innovation.

Structure Gives Rise To Behavior

"The structure of a system," says Peter Senge, "determines the behavior of individuals within that system. From this point of view, fundamental change occurs only if the structure itself is affected." [27]

Structure here refers to the way the key elements in a system—ideas, desires, fears, beliefs, aspirations, current capacity, and day-to-day reality—are arranged in relation to each other. .

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[26] We'll examine the dynamics of creative tension in detail in Part Two. This concept is dealt with in great detail in Robert Fritz's books T*he Path of Least Resistance, Creating,* and *The Path of Least Resistance for Managers,* and in T*he Fifth Discipline* by Peter Senge, and *The Fifth Discipline Fieldbook.*

[27] Senge, Peter, *Health Care Forum* Magazine, May/June 1988

In businesses, structure also includes the purpose or mission of the organization, the business strategy, management strategies, and local area goals and tactics. It is the relationships between these various elements that give rise to structure. To change day-to-day behavior in lasting ways, you have to change the structure that gives rise to that behavior.

However, few people in organizations are aware of the structures that give rise to day-to-day behavior. Trapped in problem-focused approaches, they are too busy trying to fix their surface behavior to ask the questions that might reveal the structural causes of their problem.

A classic example of the effects of an underlying, but unnoticed structure can be seen in a conventional manufacturing firm in which the official, executive decree was "Quality is number one!" However, on the shop floor, an unspoken rule decreed, "Get 'em out the door fast!" The unspoken rule drove day to day actions. Speed and quantity were rewarded, not quality. The structure '*quality* vs. *quantity'* gave rise to bitter conflict within the organization.

Executives eventually transcended that conflict by creating a *hierarchy of values* in which both rules were acknowledged, yet it was made clear that quality *was* to take precedence over quantity. Reward systems were changed to reflect the emphasis on quality. The new structure supported both values, yet ensured that quality drove the action and was, in fact, number one. As a result, quality, morale, and production all increased significantly.

A second example of what Robert Fritz calls "structural conflict" occurred when another company's corporate headquarters, unaware of the effect of conflicting structural relationships, sent out a formal order to all divisions to make rapid changes. At the same time, executives quietly and informally advised Division executives to involve everyone and admonished them not upset any group. Again, a conflict was created between two values sets. *Make change fast* **vs***. Involve everyone.* Spoken and unspoken values clashed. The informal value once again sabotaged the formal one.[28]

One of the great business tragedies of recent times is that the failure to recognize the impact of structure on surface behavior has led to a proliferation of problem-solving experts brought in to tinker with surface level problems. Unaware of the deeper structure, one set of consultants after another prescribes change efforts that seem to work for a while yet, in the end, fail to produce real and lasting change. Worse, conflict is often unwittingly designed into the deep structure of the organization by planners still stuck in conventional, fit-based approaches.

Railway Structures vs. Sailboat Structures.

Most conventional planning programs have what I call a railway structure. You know where you want to go. You know where you are starting from. And you know all the stops in between. This structure is rigid, inflexible. It works well so long as the ground underneath the tracks does not shift. If the ground shifts, trains—and organizations that plan this way—go off the tracks.

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[28] For more on conflict arising out of structure, see "Leadership and the Art of Understanding Structure," by Michael Shandler in *Transforming Leadership*, John Adams, Ed., Miles River Press, 1986, and *Corporate Tides* by Robert Fritz (see reference below).

On the other hand, a sailboat is designed to cope with changing circumstances. It is designed to advance, to move toward the goal, regardless of the circumstances it encounters. It is structured to work with the forces in play. Though it may have to tack back and forth, the sailboat will, in time, get you where you want to go. Blown off course by a storm, you simply recommit to your goal, assess your current position, then set a new course for your desired destination. Most important, because it draws energy from natural systems without degrading them, a sailboat is both ecologically and economically efficient. It's not likely to run out of gas.

Hamel and Prahalad's *strategic intent*, Senge's *learning organizations*, and Fritz's *creative tension* all establish structures that act more like sailboats than railways. These structures set up a path of least resistance in which action consistently *advances* toward desired results. In a study on corporate growth done by a Wall street investment firm, researchers found that companies with *advancing* patterns were more likely to grow and succeed. Those with *oscillating* patterns were deemed poor risks because they spent so much time and so many resources dealing with problems that they failed to reach their desired end results.[29]

Energy put into advancing structures moves toward final results far more consistently than energy put into rigid or oscillating structures. However, reliance on conventional strategy and planning makes many businesses, even entire industries, act more like railways than sailboats.

Hierarchies of Value

The key to successfully *creating* deep change is to ensure that structure supports intent.

If organizational goals are arranged in either/or structures in which the relative importance of different goals is not clearly spelled out, serious problems can arise.

Let's say, for example, that a CEO is excited about sustainability and rallies her troops around a vision of contributing to a restorative economy, but she does nothing to change the prevailing structure of values within the company. Because it's new and exciting, sustainability will drive the action for a while. But if it results in lower profits (a property of systems in transition that Senge calls the "worse before better" syndrome) concerns will grow.

When pressure for profits becomes greater than the desire for sustainability, profit will become the dominant motivating force while sustainability takes a back seat. Later, once profits are solid, there will be a renewed desire for sustainability.

The pattern will repeat itself, and keep repeating, until the underlying structure is changed or until the organization burns itself out oscillating back and forth. The internal conflict between those who champion competing goals will frustrate workers and drive away the best talent. The lack of high-level results will drive away customers and discourage investors.

Conflict is inevitable when value sets like "people **or** profi*t*," "change **or** continuity," and "growth **or** stability" are set up in competing relationships. The structure created by the

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[29] Fritz, Robert, Participant's Manual, *Organizational Technologies for Creating* Course®, The Robert Fritz Group

relationship between two equal but opposed values causes a company to oscillate between those two values, rather than advance consistently towards its desired results.

Ensuring that structure supports intent means that goals must be arranged in hierarchies in which lower level goals support higher level goals which support desired end results which support high-level purpose and vision. Such a nested, integrated hierarchy sets up a structure in which all goals are important and aligned, but some are seen as primary, i.e. end results, and others as secondary, i.e. supporting the production of desired end results.

Although hierarchy has been denigrated by both academic and business writers, most of them fail to distinguish between "dominator" hierarchies—the power-based, command-control, hierarchies which modern business borrowed from the military—and "growth" hierarchies[30] that clearly specify the relationship between end results and supporting strategies, without imposing the latter from on high.

Carefully-crafted, clearly-articulated growth hierarchies can render dominator hierarchies unnecessary. By clarifying the structure of the value hierarchy so all members of an organization can clearly see the relationship between their tasks and the higher order goals and values of that organization, growth hierarchies enable leaders to flatten management structures and to empower and align employees without creating confusion or conflict.

Designing Structures for Sustainability

"Imagine," Peter Senge asks, "that your organization is an ocean liner, and that you are 'the leader.' What is your role?"[31] Although most answer "captain," "navigator," or "helmsman," Senge suggests that the key leadership role in organizations is "designer of the ship."

No matter how good a captain you are, if your ship is designed to follow only one path, go in a circle, or oscillate back and forth between opposing destinations, your leadership will be severely limited by the structure of the vessel.

As hard as it is to imagine an ocean liner designed to go in circles, that's exactly what often happens in conventional planning approaches. Because most leaders and planners are unaware of the effects of underlying structure on organizational behavior, many businesses and organizations are unconsciously designed to perform in limited ways.

"The fundamental structures in most organizations," says Robert Fritz, "channel energy naturally toward maintaining the status quo. To create lasting change, leaders must learn to create new structures which will redirect the system's energies toward the desired changes."[32]

Meeting Hawken's challenge of creating "a system in which the natural everyday acts of work accumulate into a better world as a matter of course" will require that we create a structure in which the underlying paths of least resistance lead naturally toward **all** the results we want—profit, excellence, fulfilling life- and work-styles, as well as sustainability,

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[30] For more on the difference between dominator and growth hierarchies, see Rianne Eisler's *The Chalice and the Blade, Harper and Row, San Francisco, (1988)*

[31] Senge, Peter, *The Fifth Discipline*

[32] Fritz, Robert, "The Leader as Creator," in *Transforming Leadership*, John D. Adams, Ed.

ecological restoration, and personal and community well-being. Achieving that vision is fundamentally a *design* challenge.

Patagonia's Design Challenge

A key step in designing high-performing companies and organizations is to establish hierarchies of value that set priorities, guide decisions, and point actions in the direction of the most highly desired end results. Setting up structures that consistently advance toward desired goals means that some values must be specified as more important than others.

When Patagonia's CEO, Yvonne Chouinard, cut back that company's growth a few years ago—because, he said, they'd never set out to be the *biggest* outdoor clothing manufacturer, just the *best*—he established a hierarchy of value. By specifying that "best" meant high quality garments *and* low impact on the environment, he shifted the structure of the company, changing the path of least resistance so Patagonia would more naturally move toward excellence based on environmental responsibility.

<div align="center">

Desire for Excellence &
Environmental Responsibility

Desire for Robust Profits

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Profit was still a key factor for Chouinard, but neither it nor growth were allowed to drive the action. Although Patagonia stayed relatively small, cut back its product line, and increased the amount of re-cycled and organically-grown material in its garments, it continued to produce outstanding profits.

Chouinard touts the corporate as well as environmental benefits of sustainable practices, saying, "Every time we've done the right thing, it's ended up making more money for us."[33]

Expanding the Challenge

Our current system of commerce has been guided by the belief that profit and environmental responsibility are incompatible values. The path generated by this *profit* **vs.** *environment* structure has led to pollution, wasted resources, damaged landscapes and, as is now becoming clear, to boycotts, customer defections, and diminishing profits. Instead of this wasteful, antagonistic approach, companies like Patagonia, Ben and Jerry's, and The Body Shop that practice corporate social and environmental responsibility are moving toward a *profit* **and** *the environment* structure. This is a hopeful sign. However, if we are to design and implement a sustainable and restorative system of commerce, we need to move toward a *profit* **through** *environmental sustainability* structure. Companies such as Interface, Ikea, Scandia Hotels and

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[33] Schendler, Auden, "Durable Enterprise," Rocky Mountain Institute Newsletter, Fall/Winter 1997

Collins Pine that have adopted the principles and framework of The Natural Step have discovered that environmental sustainability does not hamper profitability, it enhances it.[34]

Not only have these four companies significantly reduced waste and emissions, they have each become the leading profit-makers in their respective industries.

"To create an enduring society," Hawken argues, "we will need a system of commerce and production where each and every act is inherently sustainable and restorative. Business will need to integrate economic, biologic, and human systems to create a sustainable method of commerce."[35] However, the question is, he says, "Can we imagine a market system … that creates, increases, nourishes and enhances life on earth?"

Imagining such a system is the first step. It sets up the chasm of strategic intent; it generates creative tension. The next step is for individuals, companies, and whole industries to master and apply the skills and structures needed to orchestrate that tension so that we bridge the chasm. To take that step, business and its leaders would do well to begin seeing themselves as *creators*—designers and architects of sustainable commerce and a livable world—rather than mere planners, problem solvers, or profit-seekers.

In Chapter Three, *The Structure of Creating*, we will examine the powerful set of skills and structures that make up a framework for creating almost anything. These are high-level tools that give individuals and organizations the capacity to create. They will enable us to transcend our current fixation on merely reacting and responding to problems and circumstances.

However, before we turn to the art and practice of creating, we need to look more closely at the limits of problem solving. Although he wasn't talking about problem-solving in particular, John Maynard Keynes captured the essence of why so many fail to grasp and act on new ideas. "The difficulty lies," he said, "not in the new ideas, but in escaping the old ones."[36] Over the last 25 years, I have found that until people clearly recognize and understand the limits inherent in the problem solving framework, they are neither ready nor willing to fully embrace the new, more powerful framework of creating.

Those who rush into the creative process before they fully understand the limits of problem-solving inevitably try to force creating skills and structure into their problem-focused framework. The result, "creative problem-solving," is, as I'll show later, an energy-sucking oxymoron that fails to produce lasting results and leads to the temporary illusion of success.

So please bear with me as we turn our attention to the structure and limits of problem-solving . Once we have seen that problem-solving is not an appropriate foundation nor framework with which to create sustainable businesses in a sustainable system of commerce, we will turn to an in-depth examination of the skills and structure of the creative process which I suggest *is* an appropriate framework within which to achieve Hawken's vision.

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[34] See *The Natural Step for Business,* Brian Nattrass and Mary Altomare, New Society Publishers (Gabriola Island, BC) 1999

[35] Hawken, Paul, *The Ecology of Commerce,* HarperCollins, New York (1993)

[36] Quoted in Carl Frankel, In Earth's Company, New Society Publishers (1998) Gabriola Island, BC, Canada

Part Two
The Limits of Problem Solving

If we are to shape a successful future for ourselves, for civilization, and for the earth, we will certainly not do it by waiting for crises to materialize and dealing with them after the fact. We will not even be able to do it by anticipating crises and finding clever ways to forestall them. No amount of cleverness in coping with our own mistakes, or preventing mistakes that are about to be made, will alone suffice to guarantee the future. … We will have to take up a much greater challenge. We will have to set aside conflict in favor of creation.

Christopher Childs, *The Spirits Terrain*

CHAPTER THREE
Five "Problems" With Problem Solving

Problem solving provides an almost automatic way of organizing your focus, actions, time, and thought processes. In a sense, when you have a nice juicy problem to work on, you do not have to think. You can obsess instead. ... Problem solving can be very distracting while at the same time giving you the illusion that you are doing something important and needed.

Robert Fritz, *The Path of Least Resistance*

In both life and business, when things don't go as we'd like, most of us slide easily into problem-focused practices. Because problem-solving *feels* like such a powerful tool, it is easy to grab onto a "nice juicy problem" and convince ourselves that a solution will fix what's wrong.

Problem-solving is *sometimes* the perfect strategy. But only in certain situations. In others, it provides only the illusion of working well. Problem-solving *is* useful for getting rid of or relief from what we *don't* like and *don't* want. But it fails miserably as a primary strategy for bringing into being the real and lasting results that we *do* want. Therefore, problem solving is not a sufficiently powerful framework for bringing into being Hawken's vision of a sustainable and restorative system of commerce.

Five major flaws prevent problem solving from producing deeply desired, lasting results:

1. Most difficult, challenging situations are *not* problems.

2. Problem-solving is driven primarily by a desire for relief, *not* results.

3. Problem-solving depresses groups and individuals.

4. The cure is often worse than the disease.

5. The problem-solving paradigm rests on an oscillating structure.

Although these five characteristics seriously limit problem-solving's use as a primary, results-producing strategy, much organizational planning still focuses on resolving "issues." We'll examine the first four limitations inherent in familiar problem-solving approaches. Then we'll go below the surface to probe its structural limitations in greater depth.

1. Not All Difficult Situations Are "Solvable."

"To the person with a hammer," an old saying suggests, "everything looks like a nail."

When problem solving is our primary tool for producing results, is it any wonder that difficult or challenging circumstances and situations look like problems?

However, most such situations are not problems. Many are challenges. Others are opportunities. Still others are just aspects of reality to pass through on the way to results. In his book, *A Guide for the Perplexed,* E.F. Schumacher argues that there are two fundamentally different kinds of situations that we call "problems."

The first, which he calls *convergent*, narrow down to single solutions. The more you study them, the more the answers converge. These problems *are* solvable. Ask thirty experts what to do about a broken leg or a faulty carburetor and they will all give you the same basic answer.

However, ask thirty expert, "What is the best way to raise children, lead a successful company, or create a sustainable economy?" and you'll likely get thirty *different* answers. Questions like this are *divergent*. They are open-ended challenges. They have no "correct" solution. The more you try to "solve" them, the "solutions" diverge from each other. If you attempt to force single solutions to these kinds of situations, you will, ironically, eventually end up with pairs of conflicting opposites like *"Freedom* **vs***. Discipline," "Competition* **vs***. Cooperation," "Growth* **vs***. Stability," "Jobs* **vs***. Environment,"* or *"Profit* **vs***. the Planet."*

Our logical mind wants to remove the tension between such opposites by coming down on one side or the other. But, if we do, the other cries out for resolution. The tension is shifted, not resolved. Action in this kind of *either/or* structure oscillates between divergent poles. Intense conflict can arise between parties who take rigid stands at those opposite poles.

Although divergent challenges cannot be solved, they are opportunities to create what matters. They can be addressed in a way that produces real and lasting results. Working within a flexible, vision-driven framework like the one Yvonne Chouinard created at *Patagonia,* organizational creators can set up structures that encompass and integrate both poles of divergent challenges. In such structures, creators can and do consistently rise above the conflict and crises of problem-solving to produce the results they most want.

2. Problem-Solving Is Driven By Intensity. It Seeks Relief, Not Results.

Most efforts to solve problems are actually attempts to relieve intensity, to get rid of the pain and conflict associated with a problem. The focus is *relief*, not results. Taking aspirins or a shot of Scotch to relieve a headache or tension at work might provide temporary relief, but it does not eliminate the deeper stress that causes the pain. Nor does it result in an effective, stress-free way of organizing one's work or life style. Indeed, the relief generated by problem-solving enables you keep on doing what caused the pain in the first place. But, when the aspirin or Scotch wears off, you're back where you started, maybe a little closer to ulcers.

Peter Senge tells of research which shows that although corporate stress reduction programs provide temporary stress relief, in the long run they turn low-level burnout into acute breakdown. By increasing employees' ability to cope with stress, these relief-driven programs allow them to take on ever-increasing workloads until they reach their breaking point.

In this reactive approach, relief, not lasting results, gets produced. The underlying problem remains. When the intensity increases again, the pattern will repeat itself, as Robert Fritz graphically describes in *The Path of Least Resistance*:

A PROBLEM
leads to
ACTION
leads to
LESS INTENSITY
leads to
LESS ACTION
leads to
THE PROBLEM REMAINING[37]

This happens when we try to "solve" such perennial challenges as short-term cash flow problems, personnel conflicts, or specific environmental problems. In this oscillating pattern, action gets taken, time, energy, and money are expended, but lasting results are not produced. Indeed, relief often gets in the way of action that might lead to lasting results.

Here's a classic example of how the dynamic unfolds.

Several years ago, an environmental coalition mobilized to stop pulp mill pollution in Georgia Strait, near Vancouver, BC. Protests were held, passionate, thoughtful, and angry voices were raised in speech and song. The intensity of the issue and the coalition's concerns were clearly conveyed to government. The strategy seemed to work. Under pressure from protesters and a mobilized, well-to-do public, the government passed tough anti-pollution laws and gave the mills a strict deadline to meet them. Coalition members celebrated victory, then drifted back to their regular lives or turned their attention to the next "issue".

However, with the pressure off and public attention diverted, pulp mill operators quietly carried on as always. Later, a brief article in a local paper reported that the Ministry of Environment was not, yet, enforcing the new laws, and had extended the deadline for compliance. Still later, the Premier rescinded the regulations.

The coalition was faced, once again, with mobilizing people to action.

This time, however, many supporters could not face another round of problem-solving and protest. They shrugged their shoulders, said, "What's the use?" and refrained from joining the fray. Like "compassion fatigue" in international aid efforts, there may well be a kind of "protest" or "problem-solving fatigue" caused by over-relying on intensity as a spur to action.

The same dynamic can unfold within businesses. In the 1990's many firms assumed that they had maximized all the easy-to-get energy savings. Noting that energy prices continued to fall, they did away with the positions of energy mangers. Now, in the winter of 2000-2001 as energy prices skyrocket, energy savings approaches have once more become a critical priority.

When a business tries to move toward sustainability by "fighting" pollution and waste it often merely produces relief, not lasting results. Recycling office paper, switching from polystyrene to paper cups in the corporate cafeteria, reducing end point pollution, and other attempts to fix specific environmental problems often only temporarily reduce the perceived intensity of environmental problems.

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[37] Fritz, Robert, T*he Path of Least Resistance,* Fawcett Columbine, New York (1989)

"The problem," says Paul Hawken in *The Ecology of Commerce*, "isn't the half measures, but the illusion they foster that subtle course corrections can guide us to a good life that will include a "conserved" nature and cozy shopping malls."[38] Such an illusion gives us relief which leads to less fundamental action, but the problem remains!

The sooner we realize that *creating* what we most want is fundamentally different than making bad things better, the sooner we'll get beyond the limits of problem-solving.

3. Focusing On Problems Depresses Individuals and Groups

Unfortunately, many conventional planning processes focus almost exclusive on solving problems or, as consultants earnestly describe it, "dealing with the issues." Immense amounts of time and money are spent hiring outside experts to facilitate problem-driven processes that are structurally doomed to lead to compromise, oscillation, and to the feeling that "we've done this all before and it didn't work then!"

"Group Dynamics expert Ronald Lippitt," says large-group change expert, Marvin R. Weisbord, "pointed out that one function of familiar problem-solving is to reduce our anxiety. … The motivation (he noted) was to escape the pain induced in part by the method itself—the piece-meal listing of problems, the solution of any of which might create still more problems. He concluded that listing and solving problems depresses groups."[39]

Lippitt, who together with Kurt Lewin founded the field of "group dynamics," was shocked to hear people in his early workshops using words like "hopeless," "frustrating," and "impotent" when asked to solve problems. He also found that their action steps tended to be short-term and designed to deal with symptoms and reduce anxiety, i.e., to relieve intensity!

A problem-solving focus, he concluded, drained energy from participants in group process.

Lippitt went on to discover "energy-increasing" processes in the "images of potential" approach he shared with Eva Schindler-Rainman and Ronald Fox, and in the "preferred future" method he developed with futurist Edward Lindaman, who directed the planning of the Apollo moon shot. He found that when people plan actions by working back from what they truly desire, they generate levels of energy, enthusiasm, optimism and commitment that vastly exceeded that produced in problem-focused processes.

What Lippitt discovered is the gentle but consistent power of "co-creating," a process in which groups first envision a desired result, then come to consensus on "reality" as a basis for common action. "People were asked to imagine themselves in THE FUTURE looking back on what they had done. As times frames got longer, scenarios became more fanciful, more creative, more collaborative, and—strange to say—more actionable in the short run." [40]

However, unaware of the more powerful framework of *creating* or the power of *co-creating*, most businesses and organizations continue to back their way into the future, clinging to familiar but ineffective problem-solving approaches. Organizations hire new problem-solving

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[38] Paul Hawken, *The Ecology of Commerce,*
[39] See Marvin Weisbord's Discovering Common Ground, Berrett-Koehler, San Francisco, 1992
[40] Marvin Weisbord, Discovering Common Ground

consultants to solve the problems created by previous problem-focused consultants. Employees and other stakeholders are left feeling depressed, hopeless and impotent. Pushed far enough, this flavor-of-the-month strategy leads to a kind of "training fatigue" that has catastrophic results for an organization's capacity to create.

4. Problem-Solving Often Intensifies The Problem It Was Meant To Solve.

ABS brakes, seat belts and other auto safety features should make us safer, right? The war against drugs should reduce drug sales and inhibit use. Right?

Wrong!

Recent studies at the University of British Columbia show that auto safety features make drivers "feel" safer, so they take more risks. Researchers suggest that the net effect of this approach to "solving" the safety problem may be to increase accidents and injuries.

A report by the conservative Rand Institute on the results of the US federal Drug Enforcement Agency's war against drugs stated that "the ultimate outcome of DEA activity was to increase the profit margin on cocaine, increase the incentive for dealers and thereby increase rather than decrease the traffic in crack."[41]

Likewise, studies by the British government reveal the primary cause of traffic congestion is the construction of new motor-ways.   "Solving" traffic problems relieves congestion temporarily, making it easier and more appealing to drive, which leads to more cars on the road, and ultimately to more congestion and more complex problems!

Systems experts call these bizarre results, "counter-intuitive effects of naive interventions." Even our key measure of economic progress—the GNP (Gross National Product)—is an example of problem-solving gone awry. Hazel Henderson explains: "It was developed during World War II, the idea being to develop an indicator that would value war production more highly than civilian production so as to mobilize society's resources. But nobody at the end of the war said, 'Hey, now we need to rethink this.' By that time … it began to be an arbiter of progress."[42]

There's an interesting, and often initiative-killing, twist to individual, community, and corporate reliance on experts to fix things. Systems thinkers describes the process of relying on external problem-solvers as "shifting the burden to the intervenor." Continued reliance on expert help to "treat symptoms" can lead to a decreased capacity to create results on one's own. A viscous circle results in which reliance on experts leads to a diminished capacity to create results which leads to a further increase in dependence on outside experts. We need to be very selective about what kind of intervention we seek and accept.

5. Problem-Solving Generates Oscillating Patterns Of Action.

Sustainable businesses and organizations are like well-built houses, only as solid and enduring as the foundation on which they are built. Because the structure of problem-solving

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[41] Ogilvy David, Living Without A Goal, Currency/Doubleday, New York, New York (1995)
[42] Hazel Henderson, Paradigms in Progress, Knowledge Systems, Inc. Indianapolis (1991)

too often leads to oscillating patterns of action and reaction, it also leads to increased conflict. Managing conflict then dissipates precious energy and resources. Eventually, spending time, effort and resources without reaping the rewards of lasting results leads to a widespread sense of helplessness, even despair.

This last limitation is the fatal flaw in problem-solving as a results-producing strategy.

Recall that structure gives rise to patterns of behavior. Organizations can become trapped in oscillating patterns of behavior caused by conflict between pressure for *change* competing against pressure for *continuity*, or conflict between established reward systems and employee empowerment. Deep change occurs only when you change the underlying structure.

Earlier, we saw examples of companies whose leaders inadvertently set up structures in which *spoken* and *unspoken* rules conflicted with each other. Though many problems and conflict were generated by the confusion between the conflicting elements, no amount of problem-solving (i.e. focusing on fixing the specific conflicts) could remedy the structural influence.

In both examples, the leaders made structural changes by

1) recognizing the conflicting structure they had set up, then
2) creating a new structure by clearly specifying the hierarchical relationship between the two rules.

Only when the leaders changed the structure of their directives to managers and staff did the confusion and conflict disappear. Only when they aligned those directives in a clear hierarchy of value did consistent, lasting results begin to emerge. Without that hierarchy the organizations would have been doomed to oscillate back and forth between the two values.

Structural **Conflict**: **The Roots of Oscillation**

Conflict arises whenever we want two things but are not clear about which is most important. We unconsciously arrange our personal and/or corporate wants into a dichotomy of desires. Coming down on one side of such a dichotomy satisfies one desire but exacerbates the other. Trying to satisfy both, we oscillate back and forth.

Action in this kind of structure is likely to lead to conflict, and then to fruitless, distracting action to get relief from that conflict. Real and lasting results get forgotten in the obsessing with solving or resolving "the conflict." As Robert Fritz says, "In these types of oscillating patterns, the organization squanders time, resources intellectual capital, morale, reputation and market share, not to mention that it seems to be suffering from manic-depression."[43]

The important thing to understand about this kind of conflict is that it is "structural." It is not caused by fractious personalities nor poor communications nor bad quality standards, although all those things can and do make it worse. This kind of conflict is an example of what Fritz calls "structural conflict."

Structural conflict arises out of the way the elements of underlying structure are arranged in relationship to each other. the path of least resistance in the structure leads first toward one

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[43] Robert Fritz, *The Path of Least Resistance for Managers,*

desire, then, later, to ward the other. This oscillating path determines that organizational energy, actions, and results will flow back and forth between the two desires without ever advancing consistently toward the final fulfillment of either.

A simple and easy way to look at the dynamics of structural conflict is to examine dieting as a weight-loss strategy. Too much weight? Solve the problem—i.e. *get rid of it*—by eating less. Sounds simple, but it's not. Not for individuals shedding weight, nor for organizations shedding excess fat by downsizing. Let's look at an individual example first.

Most dieters find themselves stuck in an oscillating pattern of repeatedly overeating and dieting, then overeating again. Nutritionists call this pattern the "yo-yo syndrome." Studies show that the actual long-term result of dieting over the last 25 years is *a net increase in weight among dieters!* This is another example of the counter-intuitive effects of naive intervention in a complex system. Dieting, like other mis-applied problem-solving approaches, works in the short run, but can be self-defeating in the long run. Here's why.

Hunger sets up a structure we call a *simple tension—resolution system.*

The natural tendency in the structure of all tension-resolution systems is to resolve the tension. A stretched rubber band is a concrete example of a simple-tension resolution system. Stretch a rubber band, and you can feel the tension, the tendency for it to resolve. You can also feel the power inherent in that tension. When we are hungry, tension is resolved by eating:

Tension	**Resolution**
Hungry ------------------—>	*Eat*

The path of least resistance in a simple tension-resolution system is straightforward. It always resolves to a single point of resolution. However, being overweight creates another tension-resolution system, which is resolved through dieting (i.e., not eating):

Tension	**Resolution**
Overweight -------------->	*Don't eat*

Together, these two simple systems interact with each other in a way that gives rise to a *complex* tension-resolution system.

Tension	**Resolution**
Hungry -------------->	*Eat*
Overweight -------------->	*Don't eat*

Complex tension resolution systems do *not* resolve. They oscillate. Their points of resolution are mutually exclusive. You cannot eat and not eat at the same time. Nor can you resolve the tension sequentially, except in the short-run, because reducing tension in one system intensifies it in the other. And so on, back and forth:

Tension	**Resolution**
Hungry —————————>	*Eat*
Overweight —————————>	*Don't Eat*

Within this structure the *tension is not resolvable*, regardless of the action taken. The natural tendency of energy and action in this system is to follow the path of least resistance,

oscillating back and forth between the conflicting tension-resolution systems as shown above. Dieters lose weight. Then they get hungry, eat, and regain the weight they lost. They try another program, lose weight, then regain it. The pattern yo-yo's back and forth, over and over again. This same pattern plays out in corporate dieting efforts.

Structure is not personal. Failure to take off weight and keep it off is not due primarily to the psychology, personality defects, lack of will, or even the specific behavior of individual dieters. Lean, fit athletes like wrestlers or rowers who diet to meet weight limits experience conflict in this structure. Supermodels experience it continuously. Companies that shed workers often end up with low morale and lower production, which compels them to rehire.

The conflict is inherent in the *structure* of dieting which compensates for changes in behavior in response to the shift in dominance between the two tension-resolution systems. Energy moves where it is easiest to go. In this case, back and forth not forward to final results.

Change *vs.* Stability

In all of the organizations I work with there is a desire for change. However, these organizations, like all systems, also crave stability. Change efforts imposed on an organization without careful design and re-design can set up structural conflict between the forces for change and the forces for stability.

Each desire sets up a tension resolution system. However, because the points of resolution of the two systems are mutually exclusive, they combine to form a complex tension resolution system, structural conflict, and a path of least resistance that oscillates back and forth.

Desire For Change ——————————> Destabilizing Changes

Desire for Stability ——————————> Resistance to Change

The surface behaviors of this kind of structure are familiar to all of us who have worked in or on change efforts in organizations. Change is initiated. Training sessions in the new approach are held. Action is taken. Some problems are solved; new ones are created. But the deep structure does not change. In the end, the change effort peters out or is scrapped—until the CEO reads a new best-seller on organizational change and the pattern begins to repeat.

"If you are in a structure that leads to oscillation, says Robert Fritz, "no solution will help. This is because (most) solutions do not address the structure, but rather the behavior that comes from the structure." To change behavior, change the structure.

The five limitations in the structure of problem-solving prevent it from producing real and lasting change. It is not a sufficiently solid nor powerful enough framework in which to take on Hawken's challenge of creating a sustainable system of commerce.

In Chapter Three, we will turn our attention to *creating*. We will examine in how and why the structure of the creative process transcends structural conflict by incorporating "problems" as part of current reality and yet still resolves in favor of the desired final results. Dieters, for

example, who shift their focus *from* "solving the fat problem" to *creating* what truly matters to them (like a lean, healthy body, a successfully completed marathon, or the capacity to hike mountain trails with ease and grace) will not only find that they are more likely to produce what they want, they can also eat well and enjoy it.

Businesses like Ikea, Interface, and Patagonia that make a serious commitment to becoming sustainable and restorative companies find themselves consistently moving toward sustainability while also reaping healthier profits.

In Chapter Four, we'll examine the seven generic skills for creating almost anything that interact to make up the deep structure of creating.

We will see that when viewed from within the design-focused frame of creating, Hawken's vision can become an engaging, doable, and profitable challenge .

Part Three
The Structure
And Practice of Creating

We need not merely a vision, but a shared vision, one that guides and unites us in our day-to-day decision making. Such a vision, a common blueprint, can infuse society with a sense of purpose as we try to build a new world, one much more attractive than today's. This sense of common purpose and excitement is essential if we are to create an environmentally sustainable economic system.
WorldWatch: State of the World Report, 1993

CHAPTER FOUR
The Structure Of *Creating*

The greatest leaders and statesmen in history have not been problem solvers.
They have been builders. They have been creators. … They were able to use the
times they lived in as the foundation for building a future they wanted.

Robert Fritz, *The Path of Least Resistance*

To realize Hawken's audacious vision, business and its leaders will have to make a significant shift in the structure and practice of commerce. Our best chance for developing a system of commerce that meets Hawken's design criteria will come from shifting our strategic focus from reactive problem-solving to the more powerful, predictable, results-driven process of *creating.*

The shift from merely solving problems to creating results that matter is not just a shift in the way we think. It is fundamental shift in what we do. And why we do it.

Creating, though, is a much misunderstood concept.

Before we jump too quickly on the mainstream *creativity* bandwagon let's look at what the process of *creating* really is—and what it does.

Creativity? Or *Creating* Results?

There is a vast difference between merely *being creative* and actually *creating*.

The compact edition of the Oxford English Dictionary defines *creating* as "to bring into existence." Although there is no separate entry for *creativity* in the OED, other sources define it as "doing things differently, imaginatively."

You can have creativity without actually bringing anything new into existence.

You can also create actual creations without necessarily *being* creative.

Creating is not about fixing what doesn't work. It's not about solving problems or doing the same old things differently. It's not positive thinking, visualization, or brainstorming. Nor is it a trendy type of planning designed to merely change the *way* you do things. And, finally, don't confuse creativity with the unusual or unconventional, or with eccentric or bizarre behavior. Unusualness is *not* the key to creating.

Creating is about bringing into being what truly matters—the concrete results you *most* want to see exist. It is a practical, predictable, step by step process that leads to real, recognizable results. While it's true that the *processes* creators use can vary greatly and are sometimes unusual, the *end results* they produce are almost always predictable. Novelists end up with novels, poets with poems, songwriters with songs. A company that envisions then structures its

actions to create quality products and services for its customers does so regardless of problems, circumstances, and external events. It is the predictability of the creative process, combined with innovation and novelty, that gives creating its great power.

Too often, however, what passes for creating is simply old methods done with a different—creative—twist. The doing-things-differently kind of creativity is applied to the surface of something. The result is "new" or "improved" packaging, but nothing truly new comes into being. When someone asks "How can I live my life, run my business, or produce my product more creatively?" they miss the point. The question implies that creating is an add-on, a magic pill taken to make things better. A better question is, "How can I create what truly matters to me in my life, work, or organization? How can I create what I most deeply desire?

Creating is about bringing things into being, not simply to fix existing things, nor because there is a need for them—no market survey revealed a pent-up longing for the Mazda Miata, Apple iMacs or Starbucks coffee bars—but because their creators envisioned results they cared enough about to bring into existence. When, for example, Ola Ivasson, General Manager for Scandic Hotels in Germany was asked,[44] "Why do it? Why put all that effort into becoming a sustainable, restorative corporation?" he replied, simply, "Because it is right."

Ivasson also listed other reasons, such as improving profitability, creating long-term customer relationships, saving on resources, and that fact that company executives "did not want to hand over a waste bin to the next generation." But, fundamentally, he said, Scandic is trying to create sustainability for its own sake, because they just feel that it is right.

They are in good company. "All the great things," said poet Robert Frost, "are done for their own sake." Hokey as it may sound to hard core bottom-liners, real creation springs not from logic but from passion. Extraordinary products, exceptional service, businesses that prosper by respecting ecological systems, even a sustainable and restorative economy are born from the deep desire and dedication to realize a dream.

Furniture manufacturer Herman Miller Inc., one of *Fortune's* "most innovative," "best managed" companies, consistently goes beyond market needs to produce "good goods"—products that they love to make and customers love to buy. Former CEO, Max DePree, says leading such a company is "more an art, a belief, a condition of the heart, than a set of things to do."[45]

DePree understood the difference between efficiency (doing things right) and effectiveness (doing the right thing) and knew that both were critical parts of an organization's success. "The only kind of leadership worth following," he added, "is based on vision."

Apple's Steve Jobs, whose vision was to "bring computing power to the people," is a creator. IKEA's Ingvar Kamprad, whose vision was "to create a better everyday life for the many" is a creator. So is Anita Roddick who started The Body Shop to help save the earth. Patagonia's Yvonne Chouinard is a creator. The strategic focus of these visionary, innovative leaders is to create, to bring into being something that deeply matters to them.

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[44] After a speech at a Sustainability Conference on The Natural Step, in the Resort Municipality of Whistler, BC, December, 2000.

[45] Max DePree, Leadership Is An Art, Doubleday, NY (1989)

So, how do creators create what matters to them? Are there rules for creating or recipes to follow? In a word, no.

What then do creators do?

Creating Is A Learning Process

"Creators don't follow formulas," Robert Fritz tells participants in his Corporate Summit executive workshops. "They make it up!" [46]

Creating is a *learning* process. It's about developing individual, team, and organizational learning capabilities in the service of desired results. By focusing too narrowly on specific changes, most change advocates, whether they're top executives or line staff, fail to develop generic learning capabilities and core competencies that can be applied beyond specific circumstances. Peter Senge argues that such narrowly focused change initiatives "are doomed from the start to achieve less than their potential—until building learning capabilities becomes part of the change strategy."[47]

Creators understand the importance of learning. They know that each result they create is an opportunity to develop and extend not only their specific skills but also the deep, generic skills needed to bridge the chasm between impossible goals and current capacity. The ability to consistently create desired results is the cornerstone of what many have come to call learning organizations. A "learning organization," says Peter Senge, is "an organization that is continually expanding its capacity to create its future." And not just any future.

Learning organizations strive to create the future they *most* want.

"Through learning," Senge suggests, "we become able to do something we never were able to do. Through learning we reperceive the world and our relationship to it. Through learning we extend our capacity to create, to be a part of the generative process of life."[48]

This learning/creating process is rarely a clear-cut, follow-the-numbers type of undertaking. Railway strategies do not serve the creative process well. Although the end results of creating are clear and predictable, the processes needed to accomplish them can be messy, complex, even chaotic. Understanding how the creative process unfolds (and can be guided) is an essential first step for those who choose to create sustainable businesses and organizations.

The Form and Framework of *Creating*

Although there are no rules or formulae for creating, there is, as there is in jazz or blues, a form and a set of generic skills that guide the efforts of all creators. That form is driven by *vision*, grounded in *reality*, and focused on *action* that consistently supports desired *results*.

Successful creators work within a dynamic mental framework in which they simultaneously hold a vision of desired results together with an objective assessment of current reality. Simultaneously holding vision and reality in mind generates a useful, creative tension. That

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[46] Unattributed quotes by Robert Fritz are statements made in workshops the author attended.

[47] In "The Leadership of Profound Change," in *The Dance of Change,* Senge, et al…(1999)

[48]Senge, Peter, *The Fifth Discipline*

tension acts as a form of energy that creator's use to initiate and orchestrate the action steps needed to achieve their vision.[49]

Vision (*What you want*)
•
•
•
Creative Tension   ***Action***   ***Feedback***
•
•
Current Reality (*What you're starting with*)
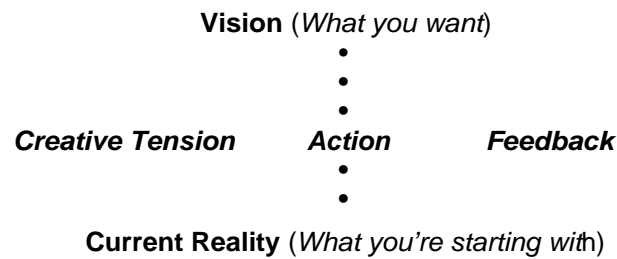
NIKE recently adopted the principles and framework of The Natural Step. They have a vision of being "a 100 percent closed-loop company," a mini-industrial ecology responsible for all stages of a products life cycle, including taking it back to recycle the materials in it when you're done with it.

Currently, NIKE is far from this goal.

However, their day-to-day actions focus on closing the gap. They are experimenting with biodegradable substances. They are reducing their use of Volatile Organic Compounds, with an eye toward eliminating them altogether. They have developed simpler types of rubber that are easier to recycle. Their shoe boxes are now constructed of 100 percent post consumer recycled material, and have been reduced in weight by 15 percent, which further reduces transportation costs and wasted fuel.[50]

Perhaps what is most important about what NIKE is doing is the fact that they are learning from their experimentation and innovation. The gap between their vision (the desired state) and their current reality (the actual state) creates a tension-charged gap, a creative possibility field out of which new and novel actions emerge through learning, research and development, and step by step implementation.

Planning in this kind of creative process is truly strategic.

Strategies and tactics are developed, *crafted* is perhaps a better word, in the gap between vision and reality. They focus on and support the realization of desired results and the organization's overarching purpose. Because they are driven by vision yet rooted in an ever-changing reality, the specific plans that guide day-to-day operations can be crafted in an emergent, just-in-time fashion. That way they accommodate changes in reality *and* consistently move toward envisioned results.

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[49] Robert Fritz, from whom I learned this framework, calls it (and the tension inherent in it) "structural tension" because the tension is created by the structure in which the parts are arranged. Peter Senge calls both framework and tension, "creative tension." Marvin Minsky, Marvin, in *The Society of Mind,* Simon and Schuster, New York [1986] uses the terms "goal driven systems," and "difference engines" to refer to frameworks that integrate a desired state and the actual state. He also says that earlier scholars like Herbert A. Simon called such systems "general problem solvers." In spite of the different terms used to describe these kinds of frameworks, there is a general consensus about the impact of harnessing and directing the tension that arises out of the discrepancy between vision and reality. "From Heraclitus to Augustine," says Thomas Berry, "to Nicholas of Cusa, Hegel and Marx, to Jung, Teilhard and Prigogine, creativity has been associated with a disequilibrium, a tension of forces."

[50] Information about NIKE's sustainability effort taken from a speech by NIKE executive, Darcy Winslow at the Whistler Sustainability Conference, December 2000

This sort of creative process takes the form of a growth hierarchy.

Although, all the elements of creative tension are necessary, it is a vision of end results that drives the actions. Decisions and actions align with primary values and with vision. Small steps lead to small successes. A series of successes leads to a pattern of success. We did it, leads to We can do. Competence increases; momentum builds. Momentum creates a force that makes it easier to take more ambitious steps, increasing the capacity to create, lengthening the organization's stretch, leading to truly outstanding results.

It is the structure of the creative process that makes outstanding results possible.

The creative process is a higher order process than problem-solving. It is more comprehensive and integrated than most conventional planning approaches. It is synergistic; applied within the form and structure of creative tension, vision, current reality, and action have far more power than if any one of them is applied by itself.

One of the problems with the so-called "vision thing," for example, is that visionaries often fail to integrate with realists and activists. Dreams are dreamed, but because they are ungrounded, action is not taken.

An organization needs dreamers, but it also needs those who ground its visions in reality and others who take action in spite of the circumstances and problems found in that reality. Indeed, to create outstanding results, all members of an organization have to be able to integrate the roles of visionary, realist, and action-taker.

Likewise, while many organizational effectiveness programs—like TQM, Reengineering, and employee empowerment, etc…—successfully harvest the low hanging fruit, most fail to consistently produce lasting results because they lack the compelling, unifying force of a great vision grounded in an accurate, objective assessment of current reality.[51]

Another problem that plagues organizations is that although they want to create outstanding results, they don't yet know how to do so without upsetting current strategies and tactics. Too much of what passes for creativity is merely creative thinking or that dreaded oxymoron, "creative problem solving."

Actual creating that requires creative *doing*—bringing actual results into being—is overlooked in favor of trendy tactics for "thinking outside the box."

There are key two reasons why this happens:

1. Most people in most organizations do not have a clear understanding of the concept of structure and it's effects on organizational behavior and results. Neither do they understand the integrative structure of creating nor how to use it to produce desired results, and

2. Even if they do understand structure at a conceptual level, most people in most organizations have not yet mastered the core skills of the creative process. They can't create

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[51] See, for example, Peter Senge's essay, "The Life Cycle of Typical Change Initiatives," in *The Dance of Change*. There he asserts that about two-thirds of TQM programs fail, while up to 70% of reeingineering efforts have failed.

what they have always wanted to create, because, as Robert Fritz says in the title of one his books, "no one ever told them how because they didn't know how either.[52]

It is to the generic skills of creating that we now turn.

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[52] Robert Fritz, *A Short Course In Creating What You Always Wanted to Create But Couldn't Before Because Know One Ever Told You Because They Didn't Know How Either*, DMA, Salem, MA (1985)

CHAPTER FIVE
Skills For Creating Almost Anything

The overall form of creating—the framework of creative tension— is established by the interaction of seven key generic, broadly transferable skill sets. Applying these skills within the form of creative tension generates the immense and lasting power of the creative process:

   1. The capacity to craft clear and powerful visions of end results;

   2. The Capacity to objectively and accurately assess current reality;

   3. The Capacity to establish, hold and be comfortable with creative tension;

   4. The capacity to integrate and align actions to create coherence;

   5. The capacity to set up hierarchies of choice and decision;

   6. The capacity to make up the plan as you go; and

   7. The capacity to make adjustments, build momentum, and finish fully.

It is through mastery and skillful application of these skills within the form of creative tension that individuals and organizations increase their capacity to create. Integrating these seven skills within the framework of creative tension yields a synergy that is not to be found if only one or two of these skills are applied on their own.

Let's look at each of these skill sets in turn.

SKILL SET #1: DRIVEN BY VISION

The first step in creating anything, says Robert Fritz, is *always start at the end.* Start with a clear, compelling picture of what you want, a *vision.*

Your first challenge as a creator of anything is to clarify and articulate a clear vision of the result you want to create—regardless of whether you currently have or think you have what it takes to produce it. We'll address the "regardless" part of the last sentence in the section on *Separating What You Want From What You Believe Is Possibl*e, below. For now we will concerned ourselves only with knowing what results we truly want to create.

Knowing what to want, however, is no small matter.

In *Freedom In A Rocking Boat,* British systems expert, Sir Geoffrey Vickers, said, "Learning what to want is the most radical, the most painful and the most creative act of life."[53]

And of business!

Most individuals and organizations I work with are surprisingly vague about what they want—even those with graphically impressive mission statements tacked to their walls. Most

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[53] Vickers, Sir Geoffrey, *Freedom In A Rocking Boat,* Penguin Books (Middlesex, England) 1970.

mission statements are merely cosmetic because they are made up of soft, easy-to-agree-with, feel-good concepts like "excellence," "success," or "the best in our industry." Such fuzzy statements, while easy to sign on to, tend to obscure true vision more than clarify it.

The Power of A Clear, Compelling Vision

To have power, concepts must be focused into clear, compelling visions that clearly describe the desired end results. Effective visions are made up of word pictures, numbers, diagrams, graphics, and stories that so clearly depict desired results that all members of a team or organization would recognize those results if they actually produced them.

Many companies are borrowing the Disney Imagineers' storyboard process to map out complex visions in words, sketches, and diagrams. Walt Disney's own vision for Disneyland is an excellent example of a clear, compelling vision.[54] (See footnote for the text of that vision.)

A new storyboarding technique, Message Mapping™ makes use of a one page, usually four-panel mix of headlines and bullet points to graphically outline the results to be produced, the reality that must be attended to, and the actions needed to do both.[55] Because they involve different sensory systems, such storyboarding approaches have fare more power than short, concept-filled vision statements favored by consultant offering "visioning" workshops. On the other hand, Future Search Conferences[56] have participants act out dramatic skits as a way of presenting their vision of a desired future state.

A powerful vision communicates viscerally; it grabs your gut. It also plucks at your heart strings, resonating with your deepest longings and aspirations and motivating you to embrace it as an exciting, meaningful challenge. A vision's power, says Burt Nanus, "lies in its ability to grab the attention of those both inside and outside the organization and to focus that attention on a common dream—a sense of direction that both makes sense and provides direction."[57]

A clear, compelling vision can:
• Attract commitment and energize people.
• Clarify purpose and direction.
• Inspire enthusiasm and commitment.

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[54] "The idea of Disney land is a simple one. It will be a place for people to find happiness and knowledge. It will be a place for parents and children to spend pleasant times in one another's company: a place for teachers and pupils to discover greater ways of understanding and education. Here the older generation can recapture the nostalgia of days gone by, and the younger generation can savor the challenge of the future. Here will be the wonders of Nature and Man for all to see and understand. Disneyland will be based upon and dedicated to the ideals, the dreams and hard facts that have created America. And it will be uniquely equipped to dramatize these dreams and facts and send them forth a as source of courage and inspiration to all the world.
   "Disnyland will be something of a fair, an exhibition, a playground, a community center, a museum of living facts, and a showplace of beauty and magic. It will be filled with the accomplishments, the joys and hopes of the world we live in. And it will remind us and show us how to make those wonders part of our own lives."
From *Walt Disney: An American Tradition, by B. Thomas, Simon & Schuster, New York (1976)* quoted in Visionary Leadership, by Burt Nanus, Jossey-Bass Publishers, San Francisco (1992)

[55] For more on Message Mapping™ see Bill Jensen's Simplicity: The New Competitive Advantage, Perseus Books, Cambridge, MA (2000) p 90-91

[56] Marvin Weisbord, *Discovering Common Ground,* Berrett-Koehler Publishers, San Francisco (1992)

[57] Burt Nanus, Visionary Leadership, Jossey-Bass Publishers, San Francisco (1992)

- Create meaning in workers' lives.
- Establish a standard of excellence.
- Bridge the present and future.

"The right vision transcends the status quo," says Nanus. "It provides the all-important link between what is now taking place and what the organization aspires to build in the future." Ultimately, it is a clear, shared vision of a mutually desired future that shapes the behavior of the organization. A clear, compelling vision lifts an organization out of the limited focus of a reactive, fit-based planning approach and allows it—and all its members—to stretch for what most matters to them.

Separate What You Want From What You Think Is Possible

However, instead of focusing on vision, too many executives and managers focus on what they *don't* want—on problems, issues, concerns, external circumstances, and fears. When these things drive the action, the results produced are not likely to be those that are most desired. Most often you merely get relief from the intensity of the problems or conflict you focus on.

Those who adopt a "fit" strategy tend to focus only on what they can reasonably *expect*. Like the Fortune 500 team described earlier, many shy away from specifying what they *really* want because, given current capacity, they don't believe they can achieve it.

I worked, for example, with a fast-growing financial services company that was led by a visionary president who envisioned bold and rapid expansion as well as an ambitions approach to social and environmental responsibility. However, the Chief Financial Officer refused to listen to the president's vision, let alone be guided by it. She was afraid that his ambitious goals were impossible, and that trying to meet them would bankrupt their company.

She saw her role as *Corporate Realist*, keeping dreams and plans within the realm of the possible. She fought the President at every step, urging modest, realistic goals. During the first day of the three-day planning workshop I conducted for the executive team, the CFO sat rigid and stiff, her arms crossed, raising objections at every opportunity.

Too many executives are like this CFO. Unwilling or afraid to stretch for what they truly want, they settle instead for reasonable, doable goals. Although those modest goals can be very useful as action steps, they rarely stir anyone to sustained action, let alone to producing outstanding results.

Visionary Goals, Realistic Goals

"Separate what you want from what you believe to be possible," challenges Robert Fritz. Creating, he stresses, is about learning and inventing. You don't need to know how to produce the result before you start, or even if it is possible. You just need to know that you want to produce it. You'll learn to create it as you go. The possibility is discovered in the doing.

Both *visionary* and *realistic* goals are necessary. Big, inspiring, "stretch" goals provide a stable, compelling vision that guides and drives all other actions. Realistic goals provide strategic and tactical stepping stones, as well as benchmarks for evaluation as you move toward

envisioned results. It is critical, however, that realistic goals be aligned so that they support higher-order, visionary goals.

Honda, for example, was smaller than American Motors when it announced its audacious goal to "become another Ford." While the Big Three automakers chuckled, Honda taught itself what it needed to reach its "impossible" vision. While it was still selling small scooter-like machines in the US, it was racing large bore motorcycles on the European circuit and developing the core competency in engines and drive trains that would eventually give it its key competitive advantage.   In the mid-1980's they won auto racing's Formula One Manufacturer's World Championship four times running and ate a large chunk of the Big Three's lunch. Finally, Detroit sat up and took notice.

As the workshop I conducted for the financial services company progressed, the realist CFO listened intently to examples like these, yet still kept up her opposition to the president's visionary stance. It would take a more complete understanding of the framework of creating before she could relax and accept the place and power of the president's challenging vision.

A Vision Is Not A Mission

There is considerable confusion about the difference between a mission and a vision.

A mission describes the organization's purpose, often in a short pithy slogan. Yvonne Chouinard wanted Patagonia to be the "best outdoor clothing manufacturer. IKEA's mission has always been to "Create a better everyday life for the many." Carpet manufacturer, Interface, Inc.'s mission is, "Being the first truly sustainable company and the world's first restorative company."

Mission is a general statement of strategic intent. It outlines the organization's ultimate and overarching purpose. Vision is more specific.

A vision is a clear, compelling picture of the specific desired results that support the realization of the greater purpose. Vision describes what the finished product—the parts and the whole— would look like if that purpose was realized. Burt Nanus illustrates the difference between mission and vision:

"(T)he mission of a farmer hasn't changed in thousands of years: it is to grow food and bring it to market at a price that pays for all the costs of production and provides an acceptable standard of living (or profit) for the farmer. However, one particular farmer might have a vision of passing on to his children a farm of twice the acreage he currently has, while another may dream about opening a canning operation on her property, and a third may aim to be a pioneer in growing organic vegetables."[58]

Confusing mission with vision tends to reduce the power of both.

This often happens when a team or organization sets out to write a "vision statement." Unfortunately, these consultant-inspired, "sixty words or less" word-smithing rituals yield

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[58] Burt Nanus, Visionary Leadership, Jossey-Bass Publishers, San Francisco (1992)

such vague, conceptual statements that they often do more harm than good. Crafting clear, compelling visions involves much more than writing simplistic "vision statements."

From Concept to Vision

Concepts like "Being the best in the business," or "Operating in harmony with the environment," work as part of a mission. However, if they're to be included in a vision, they need to be elaborated and illustrated in terms of specific end results. As they are, they too easy to sign on to without knowing what *actual* results are being proposed, and without a way of measuring those results if you produced them. "Improving the value ratio," for example, could mean an increase of 20 percent for one person, 200 percent for another, 2000 percent for a third. Conflict is inevitable in a structure in which such confusion exists.

True vision is specific. It describes concrete, measurable results, not fuzzy concepts. A good rule of thumb is that the vision should be clear enough that everyone would recognize it once you create it. It should also be compelling enough to sustain momentum towards the results you want in spite of set-backs and adversity.

The conceptual goal of one company is, for example, to "achieve excellence and improve profits." Compare that to Kollmorgen Corporation's clearer, more tangible vision of the financial results it wants to produce: "…to double sales and earnings every four years and exceed a 20 percent return on shareholders' average equity, while paying approximately 25 percent of the previous year's earnings in dividends." The first company struggles while Kollmorgen soars. John F. Kennedy's challenge to put an astronaut on the moon *by the end of the decade* had far more power than if he'd said, "Someday, we'll go the moon.

One executive team I worked with had written out an elaborate vision statement filled with easy-to-accept conceptual goals around the higher purpose of catalyzing change in their field and being recognized for excellence.

However, conflict continued to occur regularly between the departments overseen by the vice-presidents. Thinking that their vision statement might be covering over their deeper, truer, individual visions, I asked the executives to each write a two-page, vision-inspired short story from the point of view of a client interacting with the firm ten years in the future. Then I had them read them aloud at a team meeting.

When they had all finished reading, there was a stunned silence around the table. In spite of each having endorsed the general concepts in their original vision statement, the stories revealed that the executives were actually envisioning and working toward very different specific results.

Four of the seven, including the president, were highly committed to technological paths and a more virtual operation which would put them at the leading edge of innovation in their industry. Two were firmly rooted in a bricks and mortar mentality. One was opposed to technology of all kinds.

Not until the entire executive team could be aligned around the high-tech, catalytic vision, did this organization pull together and prosper.

Vision As Story and Pictures

Vision isn't just words on paper. It's also the passion that underlies the words. Kennedy's moon speech was a vision. Martin Luther King's "I have a dream" speech was a vision. Both of these speeches were stories about a possible future. Both painted compelling pictures of a desired outcome.

IKEA's founder, Ingvar Kamprad, is an inveterate maker of speeches in which he reiterates the vision and values on which IKEA was founded. Throughout the IKEA organization, stories are told and re-told that connect the company's basic principles and values to everyday situations. Story-telling is a big part of what keeps the IKEA vision and spirit alive and growing. "Storytelling," says Jim Champy, author of *Reengineering Management,* "is how human beings relate to each other. Not through business plans. The more senior you are, the more you learn through storytelling."[59]

Storytellers use the "teachable moments" that pop up every day to connect the organization's vision to practical tasks. When asked, for example, how something should be done, a storyteller does not give explicit directions. Instead, he or she would recount some example of how someone else had done it, or how someone had done something similar. Story tellers begin a lot of their sentences with, "For example…," or "That reminds me of…," and similar segues into anecdotes. They spend a lot of time telling folks what the result would look like if they get it right. Stories help translate vague concepts and lifeless principles into clear word pictures that have greater meaning and impact for employees.

Pictures themselves can be a great way of expressing vision.

When Grumman Aerospace Corporation was awarded the contract to build the landing craft that would take the first astronauts to the surface of the moon, they put up a sixty foot flag depicting the moon's surface in their cafeteria with an arrow pointing at the landing site and a caption saying, "*We* are going *here*!"[60]

Paul Hawken's books *The Ecology of Commerce* and *Natural Capitalism* outline elaborate visions of a new industrial revolution. Hawken's list of design specifications adds clarity and power to his vision and provides criteria for measuring progress and success. Both books are filled with stories and anecdotes about companies meeting those criteria in unique and often innovative ways.

Moving from vague concepts to a clear, specific, and compelling vision of desired results increases a creator's focus and power. It is an evolutionary step in the creative process.

However, vision by itself does not produce results. Unless it is grounded in reality, vision can quickly become mere fantasy.

SKILL SET #2: GROUNDING VISION IN REALITY

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[59] Quoted in Bill Jensen's Simplicity: The New Competitive Advantage
[60] Garfield, Charles, in *Peak Performers,*

To produce deep change and to create outstanding results, you must establish a solid foundation on which to build strategy and action. You must not only be clear about your end results, you must also know where you are starting from.
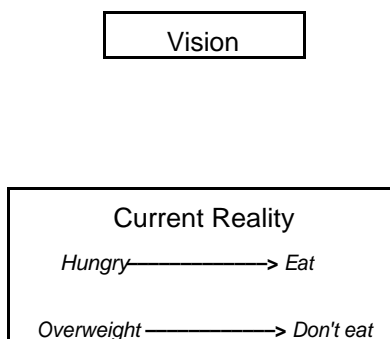
Say, for example, you want to go to Seattle and you think you're in Portland. But, unbeknownst to you, you're really in Vancouver, BC. Taking almost any action will move you away from your goal, not towards it.   Knowing where you're starting from is almost as important as knowing where you want to go.

As well as keeping vision clear, and bright, one of a creator's and a leader's key tasks is to keep reality objective and accurate. Dr. Martin Luther King was a leader known for his compelling "I have a dream…" speech. However, King's day-to-day practice centered not only on sharing that dream but also dramatizing the current reality of racism.

Grounding vision in current reality gives it legs. It keeps it from becoming idle, pie-in-the-sky, daydreaming. However, reality should only be assessed *after* the vision is clear and agreed upon. This ensures that problems, crises, shortages, and limitations in capacity do not drive the vision-building process.

Clarifying vision *first* ensures an energy-generating stretch rather than a compromising fit. Dr. King was not just trying to get rid of racism, he was trying to create a new society in which blacks and whites could live, work, and love with the mutual respect and understanding he outlined in his many speeches. King's power came from juxtaposing an inspiring vision with a dramatic description of the current reality

In organizations, assessing current reality is similar to the data-gathering stage of conventional planning. Assess capacity, scan the environment, analyze your competition, note your own strengths and weaknesses, and flag both problems and opportunities. Assessing reality not only includes describing your problems, circumstances, and issues, it also involves getting clear about the structures which give rise to those problems and circumstances.

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┌─────────────────┐
│     Vision      │
└─────────────────┘
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┌───────────────────────────────┐
│        Current Reality         │
│                                │
│   Hungry ──────────> Eat       │
│                                │
│   Overweight ──────> Don't eat │
└───────────────────────────────┘
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In this way, creating both includes and transcends the structural conflict that conventional planning often gets stuck on by incorporating it as part of current reality, part of the greater, creative process.

Judgment Can Distort; Description Can Clarify

Assessing current reality perhaps sounds straightforward, but it's not.

People do not always describe reality objectively nor accurately. For a variety of reasons, people distort reality—to make themselves look good, to make others look bad, to off-load blame on to circumstances, etc… Many people tend to see reality as an adversary; they'd rather ignore it and hope it changes or goes away.

The keys to effectively assessing current reality are objectivity and accuracy.

"Don't judge reality, " says Robert Fritz. "Describe it."

Making things out to be better or worse than they are distorts reality and makes it difficult to create the results you want.

The statement, "We can't afford to buy eco-certified wood," which I've heard many west coast wood product manufacturers utter, is a judgment. This kind of absolutistic judgment tends to closes off inquiry and stifle curiosity.

"Buying eco-certified wood will cost 15 percent more than we currently pay," is a description. This statement does not close off inquiry. It could easily lead one to ask, "How much more profit could we generate by making our products out of eco-certified wood?" The answer could lead to a value-added approach that generates not only the extra 15 percent needed to purchase certified wood but also greatly increase profits because people, particularly Europeans, are prepared to pay premium prices for such products.

Strategies for Distorting Reality

Describing reality objectively can be difficult in conventional planning approaches. Locked into old power paradigms, struggling with internal politics, many managers and executives see objectivity as an enemy rather than an ally. In many companies a "shoot the messenger" mentality still prevails. Bad news, however real, is not passed on to those above. Or, if it is, it is distorted to fit the boss's expectations.

Likewise, in other organizations, a kind of code of silence prevails where information about the companies problems is not widely shared. Take, for example, the business unit managers who confessed they were anxious because top management would not talk frankly about the competitive challenges they faced. However, these same managers admitted they were not open and frank with the people below them, because they didn't think those employees could handle their concerns. In both cases reality was distorted and competitiveness undermined.

Reality can also be distorted by blaming others or circumstances for one's own lack of performance or productivity. Blaming "those damn foreigners," or "that darn government," might make you feel better, but it can also keep you from knowing the truth about your own behavior. The truth is not the enemy; it is the foundation upon which real and lasting success is built.

Finally, when you don't know where you are, there is a tendency to pretend you are already where you want to be. Propaganda and public relations quickly take the place of objective assessment. However, as we'll see below, confusing vision and reality, or not admitting that

there is a gap between where you want to be and where you currently are, can open corporate leaders to unnecessary criticism.

All of the above distortions of reality limit an organization's capacity to produce the results it most want. Each can be corrected through objective, accurate description.

The Power of Accurate Description

"Description," says management consultant Patricia Pitcher, author of *Artists, Craftsmen, and Technocrats,* "is the best ally of healthy change. Accurate, compelling description can change the world. Accurate description can help people to better understand their world, to recognize that it is they, not us, who are best placed to judge what to do with it."[61]

Businesses that aspire to do well by doing good are often critically judged by those who don't understand the process of creating. Because there is often a gap between such businesses' vision and their current reality, the critics mistakenly think the business is not living up to its vision.

However, during the process of creating deep change, there is always a discrepancy between vision and reality. This is not bad. As we'll soon see, this discrepancy can generate the creative tension and the energy needed to produce desired results. By sharing both a clear, specific vision *and* an objective description of their current reality, businesses can more easily explain where they are now without having to justify why they are not, *yet*, all the way to where they want to be. As Oliver Wendell Holmes once said, the important thing is not so much where we are as it is what direction we are heading.

Taking this approach, for example, might have saved The Body Shop from unnecessary criticism in the press. Because the company was vociferous in promoting its vision, but neglected to carefully assess and communicate its current reality—and the steps it intended to take to close the gap between vision and reality—that gap was seen by critics as an "issue." The company was viciously and, I think, unfairly criticized in the press.

However, The Body Shop's leaders learned a great deal from that experience. They undertook comprehensive, independently verified environmental and social audits which gave them an accurate, objective sense of where they were relative to where they wanted to be. In some instances, they found that they were not doing as well as they claimed.

"It was horrid. Horrid!" said The Body Shop's founder and CEO, Anita Roddick, referring to employees' criticisms of internal relations between the company and themselves. "But," she continued, "we're giving ourselves targets to improve… now we've got a process for measuring our progress."[62]

Measuring progress is key in the creative process. Luckily, clear, specifications in vision translate into clear, objective indicators in current reality. Indicators are measures of how well you are doing. Stock market numbers are indicators. GDP is a system of indicators. One of the challenges of creating a sustainable business is to create a system of indicators that accurately and objectively lets you see where you currently are in relation to where you want to be.

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[61] Patricia Pitcher, *Artists, Craftsmen, and Technocrats,* Stoddart, Toronto (1997)
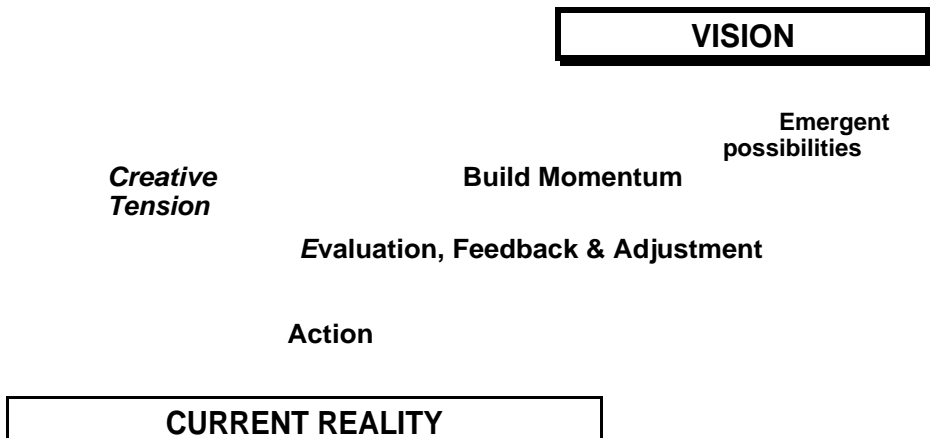[62] Interview in Y*ES! A Journal of Positive Futures*, Spring 1998

Vision and reality are parts of a dynamic, interactive structure. Unless you and your stakeholders see *both* of them in relation to each other, your perception will be distorted. Some will see vision, others imperfect reality. To know the whole truth you need to see both vision and reality at the same time, and learn to be comfortable with the gap between them.

SKILL SET # 3: SETTING UP CREATIVE TENSION

When vision and current reality are both clear and held in mind simultaneously, the gap between them generates a dynamic, creative tension that can be used to empower actions and produce results. Key tasks of a leader/creator are first, to set up a framework that generates creative tension throughout the organization, then to orchestrate the resolution of that tension in the direction of desired results.

Whereas conventional planning processes often constrain the range of available means, the framework of creative tension expands it. Creative tension engages and empowers the inventiveness of people at all levels of an organization. Creativity is encouraged and supported but not without clear, firm guidance because the framework establishes clear criterion against which creative experiments can be designed, tested, and evaluated.

The Framework of Creative Tension

VISION

Emergent
possibilities

*Creative
Tension*   **Build Momentum**

*E*valuation, Feedback & Adjustment

Action

CURRENT REALITY

Note that it is the structure itself—the creative tension— that guides creativity, not domineering, heavy-handed managers or executives. Within the framework of creative tension, creators bring all of the generic creating skills into play. This framework has a tight/loose structure. By ensuring that vision and current reality are tight, i.e. clear and held firmly together in tension, the creator sets up an open, flexible field of creativity. The gap between vision and reality sets up a possibility field in which all actions are seen as experiments, failure is merely feedback, and new possibilities emerge that would could not be predicted nor planned.

Creative tension lies at the heart of the creative process. It is a real, tangible force. It gives great music its dynamic impetus. It draws us into great art. It pulls us through a well-written

novel. Creative tension provides the driving force for invention and innovation. It gives both *strategic intent* and *the creative process* their extraordinary leverage and power.

"Tension," says Robert Fritz in *The Path of Least Resistance for Managers*, "seeks resolution." [63]   The gap between vision and reality sets up a dynamic—*structural*—tendency to move. Action within this structure can move toward vision *or* reality.

There are three ways to resolve creative tension:

1. **Give up**: Abandon vision; let reality drive the action.
2. **Compromise**: Fit vision to what seems possible.
3. **Create**: Stretch for the vision, then change reality until the vision is realized.

Only the third way consistently produces desired results.

Success comes from holding and resolving creative tension, not just a vision.

All three key components of creative tension—*vision, current reality* and *action*—must be present and appropriately linked to produce and sustain high-level results.

It is no surprise that some of the most effective organizational change models integrate vision, reality, and action steps. Take The Natural Step, for example. As well as a set of principles and the four systems conditions with which it defines and describes sustainability, it also offers a design and planning framework which individuals, families, organizations, industries, and communities of all sizes can use to design and implement a sustainable, even a restorative, future. As described in Brian Nattrass and Mary Altomare's book, *The Natural Step for Business,* The Natural Step Framework includes four core processes which integrate vision, current reality, and action.

- Strategic visioning through "back-casting "from a desirable sustainable future;
- Perceiving the nature of the unsustainable direction of business and society and the self-interest implicit in shifting to a sustainable direction;
- Understanding the first order principles for sustainability, i.e. the four Systems Conditions: and
- Identifying strategic steps to move the company from it current reality towards its desired vision.[64]

The first principle obviously relates to crafting vision, the next two relate to clarifying current reality, and the third relates to strategic action steps.

Companies that adopt the principles and framework of The Natural Step consistently improve their organizational functioning, increase employee morale, create better relationships with their suppliers, stakeholders and local communities, and still generate outstanding business success and profits. Part of that success, I suspect ,comes from doing the right thing, at the right time, but a big part of it comes from doing things right—integrating the key driving forces that interact to give rise to creative tension and consistent results.

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[63] Fritz, Robert, Corporate Tides: The Inescapable Laws of Organizational Structure, Berrett-Koehler Publishers, San Francisco (1996)

[64] I have changed the order in which these core processes are listed so they correspond more closely with the order in which I deal with vision, reality, and action. From *The Natural Step for Business,* Brian Nattrass and Mary Altomare, New Society Publishers, Gabriola Island, BC (1999)

By integrating the driving forces, organizations can both create change and manage for stability. They can integrate thought and action. They can balance learning and control. Perhaps most importantly in these times of rapid change, they can create a stable, easy to understand structure in which significant creating can take place without disrupting the day-to-day operation of the organization.

During the organizational design workshop with the financial services company described above, as the vision-fearing CFO slowly but surely grasped the integrative power of creative tension, she recognized the necessity of *both* vision and reality in establishing a framework for effective action. As she did, she relaxed into the possibility that ambitious vision could—should!—co-exist with realistic goals and careful, objective attention to the numbers.

After the workshop, over a cold beer, the Vice-President leaned back in her chair, put her feet up on the conference table, then turned to the President. She sipped her beer, then set the bottle on the table, leaned forward and smiled brightly. "All right Bill," she said, "I think I'm finally ready to hear that vision of yours."

That act of embracing creative tension and integrating vision, reality, and action marked a significant turning point on the company's road to success.

SKILL SET #4: CREATING HIERARCHIES OF CHOICE

Choice is critical in the creative process. Choice sets a direction for the future. It focuses energy and action toward desired results.

Top down administrative hierarchies can foster elitist, dominator forms of management that stifle curiosity, creativity, and competitiveness. The structure of creative tension makes it possible to establish growth hierarchies—nested hierarchies of value in which what truly matters is clearly articulated and shared throughout the organization. Operating within such a hierarchy of values and ideas makes it much easier to order and align decisions and actions so that they support desired high-level, intermediate, and local area results.

Successful creators make three kinds of choices.

Foundational choices are about what the creator stands for. They define personal and corporate purpose. They give meaning to individual and organizational actions. They express the values the creator believes in most and is willing to take a stand for. The choice to work toward sustainability because "it's the right thing to do" is a foundation choice.

Result choices are about key creations a creator wants to produce. They define specific results that give concrete expression to foundational values. Patagonia's organic cotton line and Interface, Inc.'s Emerald Lease (where they lease and service carpet rather than sell it) are results choices.

Support choices are about strategies and tactics the creator takes to produce the desired end results. Interface's research into closed-loop carpet manufacturing processes is a support choice.

Creators cannot make effective support choices until they have decided upon their foundational and results choices and ensured that these choices are in proper alignment with each other.

By contrast, because conventional strategy development and planning is often based on solving pressing problems, departmental goals are often set in reaction to circumstances, with little or no real connection to longer-term goals or overall business strategy. People in Division X could be working on a project that not only competes with a product being developed in Division Y, but because neither knows about the other, could sabotage that product.

Management goals at all levels are often set without clear connection to the strategic business goal. In fact, in many companies and organizations I have worked with, we found significant conflict between the businesses goals (i.e. how the organization generates its finances) and management goals (i.e. how people and work are organized).

We also found examples of business goals that were set without any apparent connection to a clear and compelling corporate purpose. As a result much of the action taken in these organizations was reactive. Goals conflicted with other goals; actions conflicted with actions. Energy and resources were wasted solving self-created problems and resolving self-created conflict.

In the absence of a clear, compelling vision *and* a clear hierarchy of values to guide choices and action, organizations quickly sink into the murky swamp of internal politics, power struggles and infighting. More chaos than creativity is generated. Results tend to be haphazard, sporadic and temporary.

In the framework of creative tension, however, every goal, every decision and every action, is designed—and can be seen—to support a higher goal right up to the apex of organizational purpose. Each goal is embedded in a clearly articulated context. Each goal serves a strategic function. Each player knows his or her part and how it serves the end result.

One of the key findings of companies like Scandic Hotels that have adopted The Natural Step is that since they began integrating environmental values and choices into their core business strategy, and developing environmental programs at all levels of the organization, they have had consistent profit development. They have done very well by doing good in such an integrated fashion.

SKILL SET #5: INTEGRATING ACTION IN THE CREATIVE PROCESS

Establishing a clear, compelling vision, objectively assessing current reality, then holding the two together in creative tension are critical steps toward creating results you want. However, just as vision by itself does not produce enduring results, neither does simply setting up the framework of creative tension. In order to bring their visions into being, creators must follow up their choices with action.

They must prioritize, align choices and action, make strategic decisions, and map out possible routes and action steps. They must experiment, explore, invent, innovate, and learn from mistakes and set-backs. They must start small, with relatively safe actions that lead to initial successes and build the momentum that leads to larger successes. They must follow through to the final results specified in their visions. They must also take time to acknowledge effort, celebrate successes, and enjoy the fruits of their labors.

Establishing the form of creative tension sets up a *framework for action.* It generates the energy needed to take and sustain the many small, incremental steps that are needed to bridge the chasm of strategic intent. It establishes the path of least resistance along which action can flow most effectively and efficiently towards desired results. It provides a field of creativity, pregnant with yet to be discovered possibilities, in which rationality and intuition interact to produce discovery, emergent learning's, and creative actions.

Most importantly, the frame of creative tension focuses and aligns all of the diverse pieces, parts, and players in the organization into a powerful, coherent whole. By providing a tight, carefully constructed, structural framework for action, creative tension allows for an openness of process that would lead to chaos in other systems.

"To manage strategy," says Henry Mintzberg, "is to craft thought and action, control and learning, stability and change."

Within the framework of creative tension, different, even competing, processes can be experimented with and evaluated. Different routes can be charted, different paths explored. And, because of the criteria laid out in a clear, compelling vision, combined with the skills of objective, accurate assessment, all these different initiatives can be evaluated in terms of their effectiveness in producing mutually agreed upon end results. Thus, the framework of creative tension, like that of strategic intent, ensures consistency of purpose at all levels throughout the organization.

This kind of common framework for action is critical as companies today begin to experiment with various forms of "empowerment" and "self-organization." Self organization is, says Peter Senge, "an understandable reaction to the tendency of traditional management to over control. But it leaves the impression that managers should just leave people alone, that people will automatically organize effectively."[65]

However, left to their own devices, teams and departments often self-organize into structural conflicts, not into creative tension. By providing employees at all levels of the organization with the flexible yet clearly focused framework of creative tension, leaders and managers can empower creativity without causing unnecessary conflict and confusion.

As well, setting up the framework of creative tension opens the way for continuous feedback and learning. Acknowledging the gap between vision and reality makes uncertainty, even error, more legitimate. It makes it easier for everyone to acknowledge mistakes and learn from them. It encourages learning by doing and helps sustain momentum toward the final goal.

Learning is critical in the creative process; it is also a key element in strategic business development. "The ability to learn faster than your competitors," says Arie de Geus, former head of planing at Royal Dutch Shell, "may be the only sustainable competitive advantage."[66]

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[65] In the Foreword to Robert Fritz's *The Path of Least Resistance for Managers*

[66] Arie P. de Geus, Planning As Learning, Harvard Business Review, March-April, 1988

When it strikes out into the unknown territory of the "chasm" between audacious goals and current capacity, an organization needs every competitive advantage it can muster. Such a venture can be terrifying to all involved. However, energized and guided by the structure of creative tension, it can become an adventure. It can build esprit des corps by turning frightening threats into exhilarating, meaningful challenges.

In *The Natural Step for Business,* Brian Nattrass and Mary Altomare point to studies done in the US and Canada that show that "meaningfulness" derived from working for a company whose values and purpose they respect is more important to employees than high pay. The meaningfulness that arises out of a powerful purpose, clear vision, objective assessment of reality, and the energy of creative tension could be the key factor that attracts the best and brightest to your firm—and keeps them there, happy to be working with purpose and vision.

Meaningfulness is also create when day-to-day work tasks connect with both an individual's own personal purposes and with the greater purposes, mission, and vision of the organization. Individuals tend to give their all when they can clearly see and understand the purpose and effect of their own day-to-day tasks.
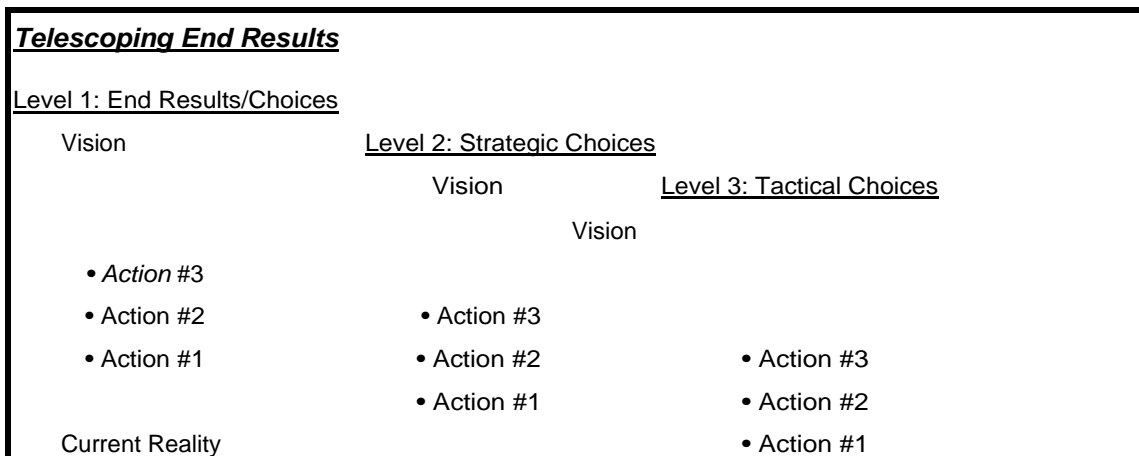
Telescoping End Results

Robert Fritz has developed a simple, yet powerfully elegant way of ensuring that day-to-day organizational goals, decisions, and actions align in a meaningful and strategic way.[67]
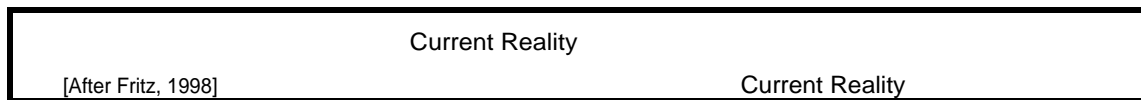
Beginning with the framework of creative tension, Fritz's planning method works backward from key, higher-level end results to smaller, intermediate-level, strategic results and actions, and, finally to tactical, local area goals and actions in a simple, iterative manner.

Remember that, in this approach, vision refers not just to the large, over-arching purpose or mission of the organization. It also refers to a clear, compelling description of *each* of the specific end results that would be needed to bring that larger vision into being.

As you work with this concept, you'll see that some end results are ends in themselves, while others are both ends in themselves and action steps that support higher-order results.

Telescoping End Results

Level 1: End Results/Choices

    Vision   Level 2: Strategic Choices

                             Vision   Level 3: Tactical Choices

                                      Vision

      • *Action* #3

      • Action #2   • Action #3

      • Action #1   • Action #2   • Action #3

                         • Action #1   • Action #2

    Current Reality   • Action #1

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[67] See *The Path of Least Resistance for Managers,* Chpt.. 4, or www.robertfritz.com

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┌─────────────────────────────────────────────────────────────────────────────┐
│                              Current Reality                                   │
│  [After Fritz, 1998]                                      Current Reality      │
└─────────────────────────────────────────────────────────────────────────────┘
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Let's use adopting the principles and framework of The Natural Step (TNS) as an example. The Level One *Vision,* as shown above, might, for example, describe a completed end result such as, "All of our products and processes of production meet *The Natural Step's* four systems conditions for sustainability."

The action steps listed under level one would then be broad strategic imperatives, intermediate goals such as, "All suppliers meet TNS conditions for sustainability;" "All levels of management are personally and professionally committed to the principles and framework of TNS and fluent in their practice."

Although such goals are also steps toward the final result, they are important enough that they can also be framed as an end result with their own vision, current reality and action steps.

Action steps that support this second-level strategic result might be "A simple system for auditing all suppliers in place within one year," or "A hands-on training program for all executives and managers to develop a shared understanding of and fluency in TNS principles and framework."

These actions, though more tactical, are still large enough results to require their own clearly specified vision, current reality, and action steps itself.

And so it goes, working backwards from the final results, telescoping out and down from the overriding vision, describing key supporting results and the steps required to achieve them.

Out of the simple elegance of the repeated, fractal structure of creative tension emerges a complexly structured map of potential actions and their connections to each other and to the higher end results they serve.

"Complexity as well structured as this," says Fritz, "is relatively easy to manage and reinforce."[68]   Fritz has even developed a software program, called *Real Results™*, to map and track end results, current reality and action steps.[69]

At the end of workshops I conduct using this approach, the walls are covered not with reams of notes to be complied into reports that no one reads, but rather with a series of charts outlining different levels of vision, current, reality, and action. The charts comprise a complex, detailed yet clear and easy-to-access map of what has to be done, who will do it, and by when. These charts are often taken back to the organization's offices where they are cleaned up, refined, and posted in an open "operations room" in which anyone can see the map. Sometimes they are incorporated into intranet e-mail systems or more sophisticated work-sharing programs like Lotus Notes or Real Results.

This process of telescoping end results can act as a template for integrated design and planning throughout the organization. It establishes the form of creative tension as the predominant planning structure throughout the organization. It provides a common protocol and

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[68] Fritz, Robert, *Corporate Tides*

[69] For information about Real Results see Robert Fritz's website at www.robertfritz.com

easily understood language for dealing with issues or conflicts so that actions lead to results, not reaction. Such a common protocol and shared language can radically change the nature of teamwork in an organization.

Jon Katzenback, a director of the world-renowned McKinsey and Company consulting firm and an expert on the power of teams, says that successful teams need to:

> • Be clear about their purpose, and believe it is important
> • Know their specific goals
> • Know how they will accomplish their goals
> • Have the right set of skills for their team, and
> • Hold themselves accountable for their results.

Working with the framework of the telescoped creative dynamic, individuals and teams can more easily deal with the complexity they face. Their purpose and specific goals are clearer. They are clear about what actions they can take. They can more clearly see whether their skills match the challenge they face, and working within this framework makes it much easier to be self-accountable and self-assessing.

Leadership in this structure can emerge anywhere, not just from the management suite. Self-organizing teams can coalesce around creative projects, then disperse when the result has been satisfactorily produced. Everyone in this kind of system knows what everyone else is doing and is supposed to do. Even those farthest removed from the top or the centre can easily see the relationship of their small action step to the vision, purpose, and mission of the organization.

This kind of alignment between actions and the results they support also leads to alignment between individual employees, and between departments and divisions. Eventually the organization begins to resemble a symphony orchestra or a jazz ensemble. All its players and parts work in harmony to produce outstanding results.

SKILL SET #6: MAKING UP THE PLAN AS YOU GO

The "map" produced by telescoping end results is not the actual "territory."

The map is not a plan to be blindly adhered to. It is an overview of the territory to be explored. It is a useful tool that can be tested, changed, even scrapped. It is not an artifact to be glorified or rigidly followed.

"In the house of the creator," Fritz is fond of saying, *"invention* takes precedence over *convention.*"

Unlike planners who lay out elaborate plans in advance, then try to stick to them regardless of shifts in current reality, creators operate on a more flexible, truly strategic basis. Within the frame of creative tension, they telescope end results, then focus on the key steps needed to get started and keep moving. They experiment, learn from mistakes, adjust actions, invent, and build momentum toward results. The plan grows and changes through doing and learning.

Failure becomes simply feedback. Because current reality shifts in response to both successes and failures as well as to outside events and perturbances, reality is continuously reassessed. Course corrections are made immediately. You are sailing, not taking a train.

On a train you know not only where you start and end but all the stops in between. There is no flexibility to deviate from the pre-established route, or to accommodate shifts in current reality. On a sailing trip, all you know for sure is where you're starting and where you want to end up. The route you sail is not predictable. It is affected by external forces like winds, tides, currents and storms. You make up your route as you go.

Sailors and creators both use the forces they encounter to their own advantage. They incorporate the energy of change into their own systems. When blown off course, they simply establish their new position, set a new course, then head once again toward their goal. Compare this to what happens when a train goes off the track! Or when reality deviates from a strategic plan in which large investments of time, money, and ego have been made!

Operating within the framework of creative tension allows sailors, creators, creative business, organizational, and community leaders to invent innovative, often elegant paths that leverage limited resources into expansive results.

SKILL SET #7: BUILDING MOMENTUM THROUGH FEEDBACK AND ADJUSTMENT; FINISHING FULLY

"Create and adjust," urges Robert Fritz during his executive workshops, "create and adjust…."

Carefully evaluating actions and gathering accurate, objective information about where you are in relationship to where you want to go are prerequisites to useful adjustment. This process of evaluation is similar to W. Edwards Deming's famous PDCA (Plan, Do, Check, Act) quality improvement cycle. It is on-going and provides the feedback necessary to keep processes on track toward desired results with a maximum of efficiency and effectiveness.

Feedback is critical in the learning/creating process. But timely, comprehensive, and accurate feedback cannot occur unless it is as safe to deliver bad news as it is good news. Creators—and business leaders— must therefore be open to and appreciate **all** feedback, not just what they want to hear. Only then can they use the creative cycle of Action, Evaluation, and Adjustment to improve their next actions. Accurate, objective feedback allows creators to constantly up-date reality, amplify successful actions, and stop or change those actions that don't consistently produce useful results.

Feedback leads to learning, increased capacity and increased effectiveness. It is essential to building *momentum.* Momentum is a powerful energy that can be used to sustain action in the face of adversity, problems or set-backs.

As the creative process nears its goal, there is a special danger that momentum will slow, or stall. Much has been achieved. The creative tension that has energized the process is largely resolved. There may be a tendency for the organization to rest on its laurels, to "camp" as Paul

Stoltz, author of *Adversity Quotient*[70] might put it. Therefore it is vital for creators to keep generating enthusiasm, action and momentum in the home stretch, to keep "climbing" in Stoltz's words, until they reach the summit of their desire.

Finishing fully—i.e. sustaining momentum and following through to fully completed results—calls for a delicate balance of celebration and encouragement. But it is worth it. Completion —achieving the results that have, until then, only existed in your vision—unleashes a burst of creative energy that creators can use to launch themselves and their organizations toward their next "impossible" goal.

Together, the seven creating skills described above—crafting a clear, compelling vision; objectively assessing current reality, setting up creative tension by holding vision and reality in mind simultaneously, making choices, aligning action, seeking feedback, building momentum, following through and finishing fully—interact within the framework of creative tension to generate the power needed to create and sustain the results that truly matter, independent of whatever problems, obstacles, and adverse circumstances the creator faces.

Individuals, organizations, communities, and companies willing to accept Hawken's challenge to create a sustainable system of commerce can greatly increase their chances of successfully doing so by mastering both the form and skills of the creative process. Most of the truly outstanding companies in the area of sustainability have already done so in one form or another.

The next step is for the leaders of those companies to begin to co-create— with other companies, citizens, and local communities—the broader actions needed to bring such a sustainable and restorative economy into being.

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[70] Stoltz, Paul, *Adversity Quotient: Turning Obstacles into Opportunties,* John Wiley and Sons, New York (1997)

CHAPTER SIX
Co-Creating Real and Lasting Change

Paul Hawken's restorative economy cannot be created by fiat.

It can only be created by the conscious choices and actions of millions of individuals, companies, and organizations around the world. It will emerge out of those choices and actions because enough people notice the perils of the course on which we are embarked—the 'weird' weather, the unprecedented floods and storms, the rapid increase in disease caused by stress and an accelerating accumulation of persistent toxins in the environment—*and* because they yearn for a truly sustainable, restorative economy where profitability and true sustainability go hand and hand, and where the health and well-being of all peoples is a leading indicator of success.

If we have learned anything from the collapse of the planned economies and failed dictatorships of the 20th century, it is that long-lasting, positive results cannot be achieved by decree. Planners can never have the comprehensive information, nor maintain the disinterested benevolence necessary to create a functioning, let alone a restorative economy. Lasting, positive change can come only from a critical mass of people and organizations freely and consciously deciding to change the way they think and act.

There is no one right way to create a sustainable life or business.

There are no sure-fire formulae for creating a new system of commerce that sustains and restores the ecostructure on which health and wealth depend. Indeed, the ecological principles of *complexity* and *diversity* suggest that a sustainable future will most likely emerge out of the weaving together and interconnecting of many diverse desires, actions and approaches.

As well, there is no right place to start.

Social, economic, business, and environmental systems are non-linear. They learn, change and grow through feedback loops. In systems terms, they are "equifinal," that is, changes made in one area tend to propagate throughout the entire system. This means that, as long as they share a clear, common vision of the end results they all want, and are truthful about where they are, different individuals, organizations, and businesses can start wherever they are, take different actions and paths and still arrive at mutually envisioned ends.

However, this kind of collective creativity is not likely to happen if we continue to depend on rigid Newtonian notions that hold the we must force individuals and businesses to change.

Newton's notion that systems only change when "compelled" to do so by external forces is true for closed, non-living systems like planets and billiard balls. However, applying the notion of compulsion to complex, adaptive, open systems like individuals and business usually backfires.

People, in life and in business, don't resist change, they resist being changed.

Gentle Action for Change

When individuals are forced, or force themselves to change—by relying on compliance rather than commitment—the changes they make rarely last. The same is true in organizations. However, individuals, organizations, businesses, and communities are not Newtonian machines. They are dynamic, open systems. They operate under vastly different dynamics than strictly mechanical systems. Living systems do not have to be forced to change. They seek change. They are capable of self-organizing change.

Physicist David Peat suggests that a different way of generating such change—a "gentle action"—is possible if we understand the dynamics underlying non-Newtonian, quantum change processes:

> Gentle action…seeks to restore harmony. Contrast it with the violent action of a stone thrown in a lake from which ripples spread out until they are lost in the tiny random wavelets at the edge. Suppose, however, that a harmonious coordination of tiny waves at the edge of the lake were possible. This would require a non-local yet gentle action that flows from a much greater sensitivity to the whole system. Surprising as it may seem, physics shows that if such a coordination is made of all the phases of the individual wavelets, then these ripples will begin to interfere with each other in a constructive way. They start to move inward, towards the middle of the lake and grow in size until they produce a splash right in the centre. In an amazing fashion, a large effect is produced out of a very gentle action involving the whole of the lake. A great flow of energy has grown organically out of a highly intelligent yet almost imperceptible form of intervention.[71]

If, rather than let themselves be driven by what they *don't* want, businesses and organizations choose to be driven by what they truly *do* want, and if their actions are coordinated rather than coerced, then diverse, individual and collective ripples of change might begin to "interfere with each other in a constructive way" and together produce a real and lasting "splash" that has real and lasting results for the whole system of commerce and beyond.

Although individual action is a necessary and bedrock part of creating sustainability, to be optimally effective, individual action needs to be connected and "coordinated" (as Peat would say) with the actions of others throughout the system of commerce, and on all levels of local and global systems.

Creative tension can provide both the energy and the method needed for this kind of deep, but gentle change. Holding an "impossible" vision and its current reality in dynamic tension provides a powerful source of energy, just as the opposing poles of a battery generate a flow of electrical current. Accurate feedback, correct evaluation, and timely adjustment keep action focused toward the ultimate goal. And many small, focused actions combine to co-create synergistic effects greater than the sum of the individual actions.

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[71] David Peat, "Gentle Action for a Harmonious World," in *Edges*, December 1989

While co-creating is more complex and more challenging that creating on one's own, but it may be more rewarding. Co-creating begins with a "shared vision," a mutually agreed upon image of a preferred future. Such a picture can generate a deep and authentic commitment which leads to far greater results than mere compliance.

Industrial Ecology

In one approach to co-creating, companies are starting to work together within "industrial ecologies" in the hopes of becoming both more restorative and more profitable. Complexes of industrial facilities forming closed, symbiotic loops mimic ecological processes and can greatly reduce energy and material inputs, transform waste costs into benefits, and increase profits substantially.

"In Kalundorg, Denmark," writes Auden Schendler, "a power plant supplies gypsum for a plasterboard operation, fly ash for a cement factory, and waste heat for fish farms. The power plant uses surplus gas and waste and cooling water from a nearby oil refinery, which in turn supplies sulfur for an acid plant. Meanwhile, waste stream from the power plant supplies the refinery and a nearby pharmaceuticals maker. The sludge from the pharmaceuticals maker goes back to a greenhouse heated—surprise!—by waste heat from the power plant."[72]

In Zambia, "zero-emissions" micro-breweries produce not only beer but seven other profit-making products, including gourmet mushrooms, chickens, fish, alkaline water—all from "waste products" of the brewing process. By clustering small business that use the brewery's and each others' wastes around these breweries ,they create ecologic synergy, higher profits, and also a seven-fold increase in jobs for local workers.

Greening the Supply Chain

Another key areas of progress towards sustainability in business occurs when a business with a vision of sustainability shares that vision with its suppliers in such a way that the suppliers too come to embrace the vision.

Ola Ivasson of Scandic Hotels tells of what happened when Scandic asked the company to which they out-sourced all their hotels' laundry to remove the chlorine from the laundering process.

The manager of the laundry company said it was impossible; it couldn't be done; and if it could, the sheets would be come back grey.

Grey is fine, said Scandic, but before you proceed, perhaps you should check with the pulp and paper people who seem to be making breakthroughs in bleaching without chlorine.

Eventually the laundry company learned how to deliver sparkling white, chlorine free sheets that not only benefited Scandic Hotels and its customer, but led to a whole new market opening up for the launderer. At that point they too embraced the shared vision of sustainability.

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[72] Schendler, Auden, "Durable Enterprise," Rocky Mountain Institute Newsletter, Fall/Winter 1997

To achieve their own vision of sustainability, sustainable companies are "greening" their supply chains. By promoting their lines of organic cotton clothing, Patagonia and Esprit, for example, have greatly increased the market for organic cotton operations. As more organic cotton is sold, the price drops, making it more affordable. Other manufactures then add organic cotton clothes to their product. The changes ripple out.

IKEA has inadvertently emerged one of the largest environmental educators in the world as it tries to share its vision and principles of sustainability with its over 2,300 suppliers around the world.

Brian Nattrass and Mary Altomare describe the process in their book, *The Natural Step for Business*. By providing its four-point environmental program called 4SEA: Supplier Environmental Assurance, IKEA ensures that "the supplier is aware of the environmental impact of its operations and is working for continual improvement. The four points are:

1. The supplier must establish an environmental policy that is relevant to its own organization and in line with that company's environmental ambitions. The supplier must also describe how the work is organized and who is responsible for aspects of the program.

2. The supplier must establish procedures and documentation for areas of its own operations that have an impact on the environment. This involves having systems for laws and regulations that concern the organization, approval from authorities, follow-up of emissions, incident reporting, requirements on sub-suppliers, etc.

3. The supplier must establish and document targets for reduced environmental impact from its operations, for example concerning energy consumption, waste, and emissions to the air and water. Targets must be quantified and measurable.

4. The supplier must establish documented procedures and instructions for handling incidents.[73]

By sharing its vision of sustainability with its suppliers and encouraging them to develop their own vision and to share that with their own suppliers, IKEA creates a ripple effect that extends far beyond the physical boundaries of the firm and engages tens of thousands of individuals in its efforts toward sustainability.

Some of those ripples that IKEA will reinforce other ripples, perhaps set in motion by Scandic Hotels greening their supply chain. Together they might reinforce each other, adding to Peat's gentle action. Subtly coordinated by high-level, creative tension such as that found in the principles and framework of The Natural Step, these ripples could grow larger, more powerful. The big splash in the middle might be the emergence of a truly sustainable and restorative system of commerce.

When it comes to creating positive change, the actions of individuals and organizations *can* make a difference. In fact, they are the only thing that can produce lasting positive change. Individual business leaders, their employees, and their customers and other partners-in-

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[73] Brian Nattrass and Mary Altomare, The Natural Step for Business, New Society Publishers, Gabriola Island, BC (1999)

commerce can work together to co-create a greater emergent whole. When a critical mass of agreement and effort is reached, a new reality will emerge.

To date, few companies have investigated the synergistic opportunties of such tightly-coupled co-creating for increasing overall efficiency and profitability. Most companies are fixated on traditional approaches, which exalt competition, mistrust cooperation, and view increased output as the primary indicator of corporate well-being and profitability. Very few have made a serious response to the growing perception that in a finite world it is becoming increasingly important to do more with less, and to turn expensive waste into valuable resources and profits. However, the growing costs of waste disposal and increasing public pressure to do business in a sustainable way are urging many forward-looking leaders to think in new ways, and to see new opportunties.

In every area of life change is happening faster than ever before. Neither size, nor reputation, nor even track record can assure survival, let alone prosperity. Adaptability, flexibility, learning, and innovation are the watchwords of today's successful leaders. Problem-driven efforts to adapt the company to changing circumstances are no longer good enough.

Today's leaders must discover how to *recreate* the company, the industry, and the system of commerce they work within to meet new challenges and opportunties. The ability of the creative process to stretch people and organizations beyond their real and imagined limitations can help leaders to create systems, process, and strategies that make today's leading edge experiments look like ecological and economic kindergarten.

CONCLUSION

Toward the end of *The Ecology of Commerce*, Hawken says, "It is not nature that is the experiment, it is our economic system."

The "fit" approach to planning will not help us realize Hawken's radical vision. If we are content to simply tinker with the surface behavior of our current system of commerce, our great human experiment could well fail.

In *Hope, Human and Wild,* Bill McKibben quotes former US Vice-President, Al Gore: "We are in an unusual predicament as a global civilization," says Gore. "The maximum that is politically feasible, even the maximum that is politically *imaginable* right now, still falls short of the minimum that is scientifically and ecologically necessary."[74]

Perhaps. But, so what? Vaclev Havel, Gary Hamel, Peter Senge, Robert Fritz, Paul Hawken, Anita Roddick, and many others would all argue that we not only have to imagine the impossible, we have to make it happen. Now.

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[74] McKibben, Bill, Hope, *Human and Wild: True stories of living lightly on the earth*, Hungry Mind Press, Saint Paul (1995)

The good news is, what is neither imaginable nor feasible within a "fit" paradigm *is* imaginable and doable in the emerging, stretch-driven, creative approach. In the creative process, the discrepancy between what is imaginable and what is currently possible actually generates the dynamic, creative tension necessary for creating great results.

Throughout history, creators have consistently stretched beyond the limits of what was thought to be possible, turning impossible visions into new and enduring realities. Four hundred years ago, universal literacy was dismissed as an impossibility. Twenty years ago, the fall of the Soviet Empire and the end of Apartheid in South Africa seemed out of the question. Ten years ago, non-smoking public buildings and restaurants were barely imagined. Now, these things are, or are fast becoming, a normal reality.

Hawken rightly urges us to imagine and design a new system of commerce.

We can take on this task reluctantly, after the fact, because we are forced to by a deteriorating environment, consumer pressures, or heavy-handed regulation. Or we can see it as an exciting challenge, an opportunity to consciously stretch beyond our current capacity, reach for what truly matters, and make a sustainable, restorative economy a reality.

"We have a thousand years of work ahead of us," says Hawken, "brilliant, sustaining, innovative work, a profound act of citizenship and participation that harmonizes the relationship between commerce and nature."

By harnessing the power of strategic intent and mastering the theory, art, and practice of *creating,* individuals, businesses, even whole industries can design and develop the elements, techniques, and structural relationships of this new system of commerce. They can create strategies in which the path of least resistance leads naturally toward sustainability and restoration. They can create a way of doing business in which doing well is inseparable from doing good: in which taking a healthy, profitable, and restorative path will be, as Hawken envisions, "as easy as falling off a log."

If not us, who? If not now, when?

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