

CHANGING PARADIGMS: PAST AND PRESENT ORGANIZATIONAL MODELS

*Seeing is not believing; believing is seeing!
You see things, not as they are, but as you are.*

Eric Butterworth

Can we create organizations free of the pathologies that show up all too often in the workplace? Free of politics, bureaucracy, and infighting; free of stress and burnout; free of resignation, resentment, and apathy; free of the posturing at the top and the drudgery at the bottom? Is it possible to reinvent organizations, to devise a new model that makes work productive, fulfilling, and meaningful? Can we create soulful workplaces—schools, hospitals, businesses, and nonprofits—where our talents can blossom and our callings can be honored?

If you are the founder or leader of an organization and you long to create a different workplace, much rides on your answer to that question! Many people around you will dismiss this idea as wishful thinking and try to talk you out of even trying. “People are people,” they will say. “We have egos, we play politics, we like to blame, criticize, and spread rumors. This will never change.” Who can argue with that? But, on the other hand, we have all experienced peak moments of teamwork, where achievements came joyfully and effortlessly. Human ingenuity knows no bounds and radical innovations sometimes appear all of a sudden, out of nowhere. Who would wager we cannot invent much more exciting workplaces?

So which voice should you heed? Is it possible to set a course away from the land of management-as-we-know-it for a new world? Or

are you just going to sail off the edge, because there is nothing beyond the world we know?

Part of the answer, I have found somewhat unexpectedly, comes from looking not forward, but into the past. In the course of history, humankind has reinvented how people come together to get work done a number of times—every time creating a vastly superior new organizational model. What's more, this historical perspective also hints at a new organizational model that might be just around the corner, waiting to emerge.

The key to this historical perspective, interestingly, comes not from the field of organizational history, but more broadly from the field of human history and developmental psychology. It turns out that, throughout history, the types of organizations we have invented were tied to the prevailing worldview and consciousness. Every time that we, as a species, have changed the way we think about the world, we have come up with more powerful types of organizations.

A great number of people—historians, anthropologists, philosophers, mystics, psychologists, and neuroscientists—have delved into this most fascinating question: *how has humanity evolved from the earliest forms of human consciousness to the complex consciousness of modern times?* (Some inquired into a related question: *how do we human beings evolve today from the comparatively simple form of consciousness we have at birth to the full extent of adult maturity?*)

People have looked at these questions from every possible angle. Abraham Maslow famously looked at how human *needs* evolve along the human journey, from basic physiological needs to self-actualization. Others looked at development through the lenses of *worldviews* (Gebser, among others), *cognitive capacities* (Piaget), *values* (Graves), *moral development* (Kohlberg, Gilligan), *self-identity* (Loevinger), *spirituality* (Fowler), *leadership* (Cook-Greuter, Kegan, Torbert), and so on.

In their exploration, they found consistently that humanity evolves in stages. We are not like trees that grow continuously. We evolve by sudden transformations, like a caterpillar that becomes a butterfly, or a tadpole a frog. Our knowledge about the stages of human development is now extremely robust. Two thinkers in particular—Ken Wilber and Jenny Wade—have done remarkable work comparing and contrasting all the major stage models and have discovered strong convergence. Every model might look at one side of the mountain (one looks at needs, another at cognition, for instance), but it's the same mountain. They may give somewhat different names to the stages or sometimes subdivide or regroup them differently. But the underlying phenomenon is the same, just like Fahrenheit and Celsius recognize—with different labels—that there is a point at which water freezes and another where it boils. This developmental view has been backed up by solid evidence from large pools of data; academics like Jane Loevinger, Susanne Cook-Greuter, Bill Torbert, and Robert Kegan have tested this stage theory with thousands

and thousands of people in several cultures, in organizational and corporate settings, among others.

Every transition to a new stage of consciousness has ushered in a whole new era in human history. At every juncture, everything changed: society (going from family bands to tribes to empires to nation states); the economy (from foraging to horticulture, agriculture, and industrialization); the power structures; the role of religion. One aspect hasn't yet received much attention: with every new stage in human consciousness also came a break-through in our ability to collaborate, bringing about a new organizational model. Organizations as we know them today are simply the expression of our current world-view, our current stage of development. There have been other models before, and all evidence indicates there are more to come.

Philosophers, mystics from many wisdom traditions, psychologists, and neuroscientists have all delved into this most fascinating question: how has human consciousness evolved from the time we lived in caves to who we are today?

So what are the past and current organizational models in human history—and what might the next look like? In this chapter, I will take you on a whirlwind tour of the major stages in the development of human consciousness and of the corresponding organizational models. The way I portray the stages borrows from many researchers, and primarily from Wade's and Wilber's meta-analyses, touching briefly upon different facets of every stage—the worldview, the needs, the cognitive development, the moral development. I refer to every stage, and to the corresponding organizational model, with both a name and a color. Naming the stages is always a struggle; a single adjective will never be able to capture all of the complex reality of a stage of human consciousness. I've chosen adjectives I feel are the most evocative for each stage, in some cases borrowing a label from an existing stage theory, in other cases choosing a label of my own making. Integral Theory often refers to stages not with a name but with a color. Certain people find this color-coding to be highly memorable, and for that reason I'll often refer to a stage throughout this book with the corresponding color (which should not obscure the fact—let's add this to avoid any misunderstanding—that the way I describe the stages of consciousness stems from a personal synthesis of the work of different scholars, which while generally compatible might not always square entirely with the way Integral Theory describes the same stages).

Reactive—Infrared paradigm¹

This is the earliest developmental stage of humanity, spanning roughly the period from 100,000 to 50,000 BC, when we lived in small bands of family kinships (some of which survive in remote parts of the world today, which accounts for our knowledge of this stage). These

bands typically number just a few dozen people. Beyond that number, things start to break down, as people's capacity to handle complexity in relationships is very limited at this stage. The ego is not fully formed; people don't perceive themselves as entirely distinct from others or from the environment (which causes some to romanticize about this period, seeing it as pre-dualism bliss, ignoring the extremely high rate of violence and murder at this stage). Foraging is the basis of subsistence. This model requires no division of labor to speak of (other than women taking responsibility for the bearing and rearing of children), and so there is nothing like an organizational model at that stage yet. In fact, there is no hierarchy within the band—there is no elder, no chief that provides leadership.

There are only a few remaining bands of people operating from this paradigm in the world today. However, child psychologists study what amounts to the same stage in newborn babies, who engage with the world via a comparable form of consciousness, where the concept of self isn't yet fully separate from the mother and the environment.

Magic—Magenta paradigm²

Around 15,000 years ago, and perhaps earlier in some places of the world, humanity started to shift to a stage of consciousness some authors have labeled "magical." This stage corresponds to the shift from small family bands to tribes of up to a few hundred people. Psychologically and cognitively, this represents a major step up in the ability to handle complexity. The self at this stage is to a large degree differentiated physically and emotionally from others, but it still sees itself very much the center of the universe. Cause and effect are poorly understood, and so the universe is full of spirits and magic: *clouds move to follow me; bad weather is the spirits' punishment for my bad actions*. To appease this magical world, tribes seek comfort in ritualistic behaviors and by following the elder and the shaman. People live mostly in the present, with some blending in of the past, but little projection toward the future. Cognitively, there is no abstraction yet, no classification, no concept of large numbers. Death is not seen as particularly real, and the fear of one's death is markedly absent (which accounts for continuing high rates of violence and murder). Organizations don't exist at this stage yet. Task differentiation remains extremely limited, although elders have special status and command some degree of authority.

Today, this stage is typically experienced by children of around three to 24 months of age. This is when they acquire sensorimotor differentiation (*when I bite my finger it's not the same as when I bite the blanket*) and emotional differentiation (*I'm not my mother, though in her presence I feel magically safe*). With adequate nurture, most children grow beyond this stage.

Impulsive—Red paradigm³

Historically, the shift to the Impulsive-Red paradigm was another major step up for humanity. It brought forth the first chiefdoms and proto-empires, around 10,000 years ago. From it also emerged the first forms of organizational life (which I'll refer to as Red Organizations).

The ego is now fully hatched, and people have a sense of self that is entirely separate from others and from the world. At first, this realization is frightening: for the first time, death is real. *If I'm just a small part, separate from the whole, I might suffer or die.* The world at this stage is seen as a dangerous place where one's needs being met depends on being strong and tough. The currency of the world is power. *If I'm more powerful than you, I can demand that my needs are met; if you are more powerful than me, I'll submit in the hope you will take care of me.* The emotional spectrum is still rather crude, and people often express their needs through tantrums and violence. One is largely unaware of other people's feelings. The orientation is still mostly to the present—*I want it, and I want it now*—but this impulsiveness can extend somewhat into the future with simple strategies using power, manipulation, or submission. Simple causal relationships such as rewards and punishments are understood. Thinking is shaped by polar opposites, which makes for a black and white worldview—for example, strong/weak, my way/your way.

With ego-differentiation, role differentiation becomes possible—in other words, meaningful division of labor. There is now a chief, and there are foot soldiers. Slavery enters the picture on a large scale, now that tasks can be isolated and given to enemies from neighboring tribes that have been defeated and put into bondage. Historically, this has led to the emergence of chiefdoms ruling not only hundreds, but up to thousands or tens of thousands of people. Impulsive-Red functioning can still be found in adults in many tribal societies in the world today and in underprivileged areas amidst developed societies, when circumstances don't provide adequate nurture for children to develop beyond this stage. Every paradigm has its sweet spot, a context in which it is most appropriate. Impulsive-Red is highly suitable for hostile environments: combat zones, civil wars, failed states, prisons, or violent inner-city neighborhoods.

Red Organizations

Organizations molded in Impulsive-Red consciousness first appeared in the form of small conquering armies, when the more powerful chiefdoms grew into proto-empires. They can still be found today in the form of street gangs and mafias. Today's Red Organizations borrow tools and ideas from modernity—think about organized crime's

use of weaponry and information technology. But their structures and practices are for the most part still molded in the Impulsive-Red paradigm.

What are the defining characteristics of Red Organizations? Their glue is the continuous exercise of power in interpersonal relationships. Wolf packs provide a good metaphor: rather like the “alpha wolf” uses power when needed to maintain his status within the pack,⁴ the chief of a Red Organization must demonstrate overwhelming power and bend others to his will to stay in position. The minute his power is in doubt, someone else will attempt to topple him. To provide some stability, the chief surrounds himself with family members (who tend to be more loyal) and buys their allegiance by sharing the spoils. Each member of his close guard in turn looks after his own people and keeps them in line. Overall, there is no formal hierarchy and there are no job titles. Impulsive-Red Organizations don’t scale well for those reasons—they rarely manage to keep in line people who are separated from the chief by more than three or four degrees. While Red Organizations can be extremely powerful (especially in hostile environments where later stages of organizations tend to break down), they are inherently fragile, due to the impulsive nature of people’s way of operating (*I want it so I take it*). The chief must regularly resort to public displays of cruelty and punishment, as only fear and submission keep the organization from disintegrating. Mythical stories about his absolute power frequently make the rounds, to keep foot soldiers from vying for a higher prize.

Present-centeredness makes Red Organizations poor at planning and strategizing but highly reactive to new threats and opportunities that they can pursue ruthlessly. They are therefore well adapted to chaotic environments (in civil wars or in failed states) but are ill-suited to achieve complex outcomes in stable environments where planning and strategizing are possible.

Conformist—Amber paradigm⁵

Every paradigm shift opens up unprecedented new capabilities and possibilities. When Conformist-Amber consciousness emerged, humankind leaped from a tribal world subsisting on horticulture to the age of agriculture, states and civilizations, institutions, bureaucracies, and organized religions. According to developmental psychologists, a large share of today’s adult population in developed societies operates from this paradigm.

At the Conformist-Amber stage, reality is perceived through Newtonian eyes. Cause and effect are understood,⁶ people can grasp linear time (past, present, future) and project into the future. This is the soil from which agriculture could emerge: farming requires the self-discipline and foresight to keep seeds from this year’s harvest to provide for next year’s food. The caloric surplus generated by agriculture allowed for feeding a class of rulers, administrators, priests, warriors, and crafts-

men; this brought about the shift from chiefdom to states and civilizations, starting around 4000 BC in Mesopotamia.

Conformist-Amber consciousness develops a deeper awareness of other people's feelings and perceptions. Piaget, the pioneer child psychologist, has given us a defining experiment of Conformist-Amber cognition. A two-colored ball is placed between a child and an adult, with the green side facing the child and the red side facing the adult. Prior to the Amber stage, a child cannot yet see the world from someone else's perspective, and he will claim that both he and the adult see a green ball. At the age of around six or seven, a child raised in a nurturing environment will learn to see the world through someone else's eyes and will correctly identify that the adult sees the red side of the ball.

Psychologically, the implications are enormous. I can identify with my perspective and my role and see it as different from yours. I can also imagine how others view me. My ego and sense of self-worth are now very much based on other people's opinions. I will strive for approval, acceptance, and belonging in my social circle. People at this stage internalize group norms, and the thinking is dominated by whether one has the right appearance, behaviors, and thoughts to fit in. The dualistic thinking of Red is still present, but the individual "my way or your way" is replaced with a collective "us or them." Red egocentrism has given way to Amber ethnocentrism. Ken Wilber puts it this way:

Care and concern are expanded from me to the group—but no further! If you are a member of the group—a member of ... my mythology, my ideology—then you are "saved" as well. But if you belong to a different culture, a different group, a different mythology, a different god, then you are damned.⁷

In Conformist-Amber, the formerly impulsive Red self is now able to exercise self-discipline and self-control, not only in public but also in private. Amber societies have simple morals based on one accepted, right way of doing things. The Conformist-Amber worldview is static: there are immutable laws that make for a just world, where things are either right or wrong. Do what's right and you will be rewarded, in this life or the next. Do or say the wrong things, and you will be punished or even rejected from the group—and possibly suffer in the hereafter. People internalize the rules and morality and feel guilt and shame when they go astray. Authority to define what is right and wrong is now linked to a role, rather than to a powerful personality (as was the case in Red); it's the priest's robe, whoever wears it, that defines authority.

Any major change of perspective, like the change from Red to Amber, is both liberating and frightening. To feel safe in a world of causality, linear time, and awareness of other people's perspectives, the Amber ego seeks for order, stability, and predictability. It seeks to create control through institutions and bureaucracies. It finds refuge in strictly

defined roles and identities. Amber societies tend to be highly stratified, with social classes or caste systems and rigid gender differences as defining features. A lottery at birth defines what caste you are born into. From there, everything is mapped out for you—how you are to behave, think, dress, eat, and marry is in accordance with your caste.

With so much in flux in the world today, some find Amber certainties an appealing refuge and call for a return to a fixed set of moral values. To take that perspective is to ignore the massive inequality of traditional societies that set strict social and sexual norms. It can be unpleasant, to say the least, to be a woman, a homosexual, an untouchable, or a free thinker in a Conformist-Amber society.

Amber Organizations

The advent of Amber Organizations brought about two major breakthroughs: organizations can now *plan for the medium and long term*, and they can *create organizational structures that are stable and can scale*. Combine these two breakthroughs, and you get organizations able to achieve unprecedented outcomes, beyond anything Red Organizations could have even contemplated. Historically, Amber Organizations are the ones that have built irrigation systems, pyramids, and the Great Wall of China. Conformist-Amber Organizations ran the ships, the trading posts, and the plantations of the Colonial world. The Catholic Church is built on this paradigm—arguably it has been *the* defining Amber Organization for the Western world. The first large corporations of the Industrial Revolution were run on this template. Amber Organizations are still very present today: most government agencies, public schools, religious institutions, and the military are run based on Conformist-Amber principles and practices.

Amber breakthrough 1: Long-term perspective (stable processes)

Red Organizations are highly opportunistic; they don't generally eye a prize beyond the next scheme in a few days or a few weeks. Amber Organizations can take on long-term projects—constructing cathedrals that might take two centuries to complete or creating networks of colonial trading posts thousands of miles away to facilitate commerce.

This breakthrough is very much linked to the invention of processes. With processes, we can replicate past experience into the future. *Last year's harvest will be our template for this year's; next year's classroom will be run with the same lesson plan as this year's*. With processes, critical knowledge no longer depends on a particular person; it is embedded in the organization and can be transmitted across generations. Any person can be replaced by another that takes over the same role in the process. Even the chief is replaceable, in an orderly succession, and Amber Organizations can therefore survive for centuries.

At the individual level, people operating from a Conformist-Amber paradigm strive for order and predictability; change is viewed with suspicion. The same holds true for Amber Organizations, which are exceptionally well-suited for stable contexts, where the future can be planned based on past experience. They operate on the hidden assumption that there is one right way of doing things and that the world is (or should be) immutable. What has worked in the past will work in the future. When the context is changing, and *the way we do things around here* stops working, Amber Organizations find it hard to accept the need for change. The idea that *there is one right way* makes Amber Organizations ill at ease with competition. Historically, they have striven for dominance and monopoly, and Amber Organizations today still tend to view competition with suspicion.

Amber breakthrough 2: Size and stability (formal hierarchies)

In Red Organizations, power structures are in constant flux as personalities jockey for influence. Conformist-Amber Organizations bring stability to power, with formal titles, fixed hierarchies, and organization charts. The overall structure settles into a rigid pyramid, with a cascade of formal reporting lines from bosses to subordinates. Below the pope there are cardinals; below cardinals, archbishops; below archbishops, bishops; and below bishops, priests. The plant manager commands the department heads, who in turn oversee unit managers, line managers, foremen, and machine operators. The personal allegiance of the foot soldier to the chief is no longer needed; the foot soldier has integrated his place into the hierarchy. Even if the pope is weak, a priest will not scheme to backstab him and take his place. Much larger organizations become possible, spanning not hundreds but thousands of workers, and they can operate across vast distances. Mankind's first global organizations—from the Catholic Church to the East India Company—were built on a Conformist-Amber template.

Planning and execution are strictly separated: the thinking happens at the top, the doing at the bottom. Decisions made at the top get handed down through successive layers of management. The constant threat of violence from above in Red Organizations gives way to more subtle and elaborate control mechanisms. A whole catalog of rules is set up. Some among the staff are put in charge of ensuring compliance and handing out disciplinary measures and punishments for those found wanting. Show up late at work, and part of your wage will be deducted. Show up late again, and you will be suspended for a day. Show up late again, and you could be dismissed.

The underlying worldview is that workers are mostly lazy, dishonest, and in need of direction. They must be supervised and told what is expected of them. Participatory management seems foolish from

*Why is it that every time I ask
for a pair of hands, they come
with a brain attached?*

Henry Ford

a Conformist-Amber perspective; management must rely on command and control to achieve results. Jobs at the frontlines are narrow and routine-based. Innovation, critical thinking, and self-expression are not asked for (and often discouraged). Information is shared on an as-needed basis. People are effectively interchangeable resources; individual talent is neither discerned nor developed.

From the vantage point of later stages, this might sound severely limiting. But as a step up from Red, it is major progress. Even for people at the bottom of the organization doing routine work, it feels highly liberating. In Red Organizations, people have to fight to protect their turf (if not their survival)—day in and day out—from their boss, their peers, and their underlings. In contrast, Amber Organizations' order and predictability feels like a safe haven. We no longer need to watch out for threats and danger that might come unexpectedly from any direction. We just need to follow the rules.

Red Organizations are wolf packs. In Amber, the metaphor changes: a good organization should be run like an army. Within a rigid hierarchy, there must be a clear chain of command, formal processes, and clear-cut rules that stipulate who can do what. Foot soldiers at the bottom of the pyramid are expected to follow orders scrupulously, no questions asked, to ensure the battalion marches in good order.

The social mask

Size and stability become possible because people in Conformist-Amber are content to stay in their box and not vie for a higher prize. People operating from this stage identify with their roles, with their particular place in the organization. Amber Organizations have invented and generalized the use of titles, ranks, and uniforms to bolster role identification. A bishop's robe signals that inside is no mere priest. A general's uniform can hardly be confused with a lieutenant's or a private's, even from far away. In factories, the owner, the engineer, the accountant, the foreman, and the machine operator tend to dress differently to this day. When we put on our clothes, we also put on a distinct identity, a social mask. We internalize behaviors that are expected of people with our rank and in our line of work. As a worker, it's not only that I wear a different uniform than the engineer. I eat in the workers' mess; he eats in the factory restaurant. And in these places, the subjects of conversation, the jokes, and the type of self-disclosure are vastly different. Social stability comes at the price of wearing a mask, of learning to distance ourselves from our unique nature, from our personal desires, needs, and feelings; instead, we embrace a socially acceptable self.

Historically, this hierarchical stratification in organizations paralleled social stratification: priests were recruited from peasantry; bishops and cardinals, from aristocracy. The organizational ladder would come with big gaps—a man (and certainly a woman) born into the working

class would not climb to a management position. Fortunately, that rigid social stratification has disappeared in modern societies. But today's Amber Organizations still tend to replicate hierarchical stratification, albeit in more subtle ways. In government agencies, schools, and the military, positions higher than a certain level often still require a specific diploma or a certain number of years of service. The promotion can bypass the most qualified and go to the person who happens to tick off the right criteria.

Us versus them

Social belonging is paramount in the Conformist-Amber paradigm. You are part of the group, or you are not—it is “us” versus “them.” This dividing line can be found throughout Amber Organizations—nurses versus doctors versus administrators, line versus staff, marketing versus finance, frontline versus headquarters, public schools versus charter schools, and so forth. To deflect internal strife within a group, problems and mistakes are routinely blamed on others. Amber Organizations have definitive silos, and groups eye each other with suspicion across silos. The way Amber Organizations try to restore trust is through control—creating procedures that people across silos have to abide by.

If there are barriers inside the organization, there is a moat between the organization and the outside world. Amber Organizations try wherever possible to be self-contained and autonomous—one simply shouldn't need the outside world. Early car factories had their own rubber plantations and steel mills, operated their own bakeries, and provided social housing. Employees also “belong” to the organization: employment is assumed to be lifelong, and much of people's social life revolves around the organization. The possibility of dismissal therefore carries a double threat: employees risk losing both the identity the work gives them as well as the social fabric they are embedded in. Someone who decides to leave the organization is often met with bewilderment, if not accused of betrayal. In milder forms, today's Amber Organizations—which often come in the form of government agencies, religious organizations, public schools, and the military—still have lifetime employment as their implicit or explicit norm, and for many of their employees, social life revolves heavily around their work life. For those who feel unfulfilled in Amber Organizations and decide to leave, it is often a painful process—akin to shedding an old life and having to reinvent a new one.

Achievement—Orange paradigm⁸

In Orange, the world presents a new face. We see it no longer as a fixed universe governed by immutable rules, but as a complex clockwork,

whose inner workings and natural laws can be investigated and understood. There is no absolute right and wrong, though plainly, there are some things that work better than others. Effectiveness replaces morals as a yardstick for decision-making: *the better I understand the way the world operates, the more I can achieve; the best decision is the one that begets the highest outcome.* The goal in life is to get ahead, to succeed in socially acceptable ways, to best play out the cards we are dealt.

The cognitive shift involved in this new paradigm is well described by another of Piaget's experiments, here recounted by Ken Wilber:

The person is given three glasses of clear liquid and told that they can be mixed in a way that will produce a yellow color. The person is then asked to produce the yellow color. Concrete operational children [Piaget's words for Amber cognition] will simply start mixing the liquids together haphazardly. Formal operational adolescents [i.e., those that master Orange cognition] will first form a general picture of the fact that you have to try glass A with glass B, then A with C, then B with C and so on. If you ask them about it, they will say something like "Well, I need to try all the various combinations one at a time."

*It means the person can begin to imagine different possible worlds. "What if" and "as if" can be grasped for the first time. All sorts of idealistic possibilities open up. You can imagine what yet might be! Adolescence is such a wild time, not just because of sexual blossoming, but because possible worlds open up the mind's eye—it's the "age of reason and revolution."*⁹

With this cognitive capacity one can question authority, group norms, and the inherited status quo. In the Western world, Achievement-Orange thinking started to poke holes in the Conformist-Amber world of Christian certainties during the Renaissance, but it was at first confined to a very small minority, primarily scientists and artists. With the Age of Enlightenment and the Industrial Revolution, Orange thinking emerged on a broader scale within educated circles. After the Second World War, a more significant percentage of the population in the Western world shifted to the Achievement-Orange paradigm. Today, Orange is arguably the dominating worldview of most leaders in business and politics.

Orange cognition has opened the floodgates of scientific investigation, innovation, and entrepreneurship. In a timeframe of just two centuries—the blink of an eye in the overall history of our species—it has brought us unprecedented levels of prosperity. It has added a few decades to our life expectancy, doing away with famine and plague in the industrialized world, and is now repeating the magic at a rapid pace in the developing world as well.

Every paradigm, seen from a higher stage, also comes with its shadows. The dark side of the Achievement-Orange paradigm is hard to ignore these days: corporate greed, political short-termism, overleverage,

overconsumption, and the reckless exploitation of the planet's resources and ecosystems. But this shouldn't eclipse the enormous liberation this stage has brought us. It has moved us away from the idea that authority has the right answer (instead, it relies on expert advice to give insight into the complex mechanics of the world) and brings a healthy dose of skepticism regarding revealed truth. It has allowed us to engage, for the first time, in the pursuit of truth regardless of religious dogma and political authority, without having to risk our lives. We have become capable of questioning and stepping out of the condition we were born in; we are able of breaking free from the thoughts and behaviors that our gender and our social class would have imposed upon us in earlier times. Where Red's perspective was egocentric and Amber's ethnocentric, Orange brought about the possibility of a worldcentric perspective.

From an Orange perspective, all individuals should be free to pursue their goals in life, and the best in their field should be able to make it to the top. In practice, though, Achievement-Orange does not deconstruct the traditional Conformist-Amber world as fully as its thinking promises. People's need to be seen as socially successful makes them ready to adopt social conventions when they are helpful. Those who have achieved success are generally happy to recreate forms of social stratification—they move to privileged neighborhoods, join exclusive clubs, and put their children in expensive private schools. People operating from this perspective are often skeptical of religious observance; and yet, many who do not have personal faith will retain a religious affiliation if it is socially beneficial. (And as a hedging strategy, too, in case there is some truth to Revelation after all.)

The worldview at this stage is solidly materialistic—only what can be seen and touched is real. Achievement-Orange is suspicious of any form of spirituality and transcendence because of a difficulty in believing something that cannot empirically be proven or observed. Unencumbered by deep soulful questions, our ego reaches the peak of its dominance at this stage as we invest it with all our hopes of achievement and success. In this material world, *more* is generally considered *better*. We live our lives on the assumption that achieving the next goal (getting the next promotion, finding a life partner, moving to a new house, or buying a new car) will make us happy. In Orange, we effectively live in the future, consumed by mental chatter about the things we need to do so as to reach the goals we have set for ourselves. We hardly ever make it back to the present moment, where we can appreciate the gifts and freedom the shift to Orange has brought us.

Orange Organizations

Street gangs and mafias are contemporary examples of Red Organizations. The Catholic Church, the military, and the public school system are archetypes of Amber Organizations. Modern global corpora-

tions are the embodiment of Orange Organizations. Choose any of the defining brands of our time—say, Walmart, Nike, or Coca-Cola—and you are likely to have picked an organization whose structures, practices, and cultures are inspired by the Achievement-Orange worldview.

In terms of outcome, Amber Organizations surpassed anything Red Organizations could even contemplate. Achievement-Orange Organizations ratcheted this up another level, achieving results on entirely new orders of magnitude, thanks to three additional breakthroughs: *innovation, accountability, and meritocracy*.

Orange breakthrough 1: Innovation

As Piaget's experiment of mixing fluids illustrates, people operating from the Orange paradigm can live in the world of possibilities, of what is not yet but could one day be. They can question the status quo and formulate ways to improve upon it. Unsurprisingly, leaders of Orange Organizations don't tire of saying that change and innovation are not a threat, but an opportunity. Collectively, Orange Organizations have ushered in a period of unprecedented innovation that has fueled the massive wealth creation of the last two centuries. They invented departments that didn't exist (and largely still don't exist) in Amber Organizations: research and development, marketing, and product management. Amber Organizations are entirely *process* driven; Orange Organizations are *process and project* driven.

Orange Organizations retain the pyramid as their basic structure, but they drill holes into rigid functional and hierarchical boundaries with project groups, virtual teams, cross-functional initiatives, expert staff functions, and internal consultants, to speed up communication and foster innovation.

Orange breakthrough 2: Accountability

A subtle but profound change takes place in leadership and management style. Amber *command and control* becomes Orange *predict and control*. To innovate more and faster than others, it becomes a competitive advantage to tap into the intelligence of many brains in the organization. Larger parts of the organization must be given room to maneuver and must be empowered and trusted to think and execute.

When I give a minister an order, I leave it to him to find the means to carry it out.

Napoleon Bonaparte

The answer comes in the form of *management by objectives*. Top management formulates an overall direction and cascades down objectives and milestones to reach the desired outcome.

To a certain degree, the leadership doesn't care *how* the objectives will be met, as long as they *are* met. This attitude has prompted the birth of a host of now familiar management processes to define objectives (predict) and follow up (control): strategic planning, mid-term planning, yearly budgeting cycles, key performance indicators, and balanced scorecards, to name a few. In the Achievement-Orange

worldview, people are driven by material success. Unsurprisingly, Orange Organizations have invented a host of incentive processes to motivate employees to reach the targets that have been set, including performance appraisals, bonus schemes, quality awards, and stock options. To put it simply, where Amber relied only on sticks, Orange came up with carrots.

The breakthrough in terms of freedom is real. Managers and employees are given room to exercise their creativity and talent and the latitude to figure out how they want to reach their objectives, which can make work considerably more interesting. And when the incentive schemes are set up well (when individual and organizational goals are aligned), the often-adversarial relationship between workers and leaders can be smoothed out by the pursuit of mutually beneficial objectives.

Experience shows that unfortunately, Orange Organizations don't always deliver on the promise of management by objective. The fears of the ego often undermine good intentions. Take the notion that decisions need to be pushed down to foster innovation and motivation: this makes perfect sense for leaders operating from Achievement-Orange. But in practice, leaders' fear to give up control trumps their ability to trust, and they keep making decisions high up that would be better left in the hands of people lower in the hierarchy.

Or take the budget process that sets everyone's objectives, a critical piece in the puzzle to give people room to maneuver. It makes perfect sense in principle. But anyone who has gone through such a process knows how quickly it starts breaking down. When top management asks departments to make their budgets, people play a game called sandbagging—they push for the lowest possible expectation to make sure they will achieve the targets and collect their bonuses. When the numbers don't add up, top management arbitrarily imposes higher targets (which they make sure exceed what they promised to shareholders, to ensure they will make their bonuses too), which people lower down have no choice but to accept. Instead of frank discussions about what's feasible and what's not, people exchange spreadsheets with fictive forecasts driven by fear of not making the numbers. In the process, budgets fail to deliver on one of their key objectives: making people feel accountable and motivated for their outcomes.

Orange breakthrough 3: Meritocracy

Orange Organizations have adopted the revolutionary premise of meritocracy. In principle, anybody can move up the ladder, and nobody is predestined to stay in his position. The mailroom boy can become the CEO—even if that boy happens to be a girl or has a minority background. This dramatically widens the talent pool, as nobody is excluded from the outset. The pervasive thinking is that each person's talent should be developed and that everybody should be put in the box of the organization chart where they can best contribute to the whole. The shift

from stratified Amber to meritocratic Orange has given birth to modern human resources and its arsenal of processes and practices, which include performance appraisals, incentive systems, resource planning, talent management, leadership training, and succession planning.

It is hard to overstate the historical significance of the idea of meritocracy. It is a breakthrough in social fairness. It gives people the option to choose, at least in principle, the occupation that best suits their particular talents and aspirations. In the process, people often leave aside the aspiration to lifelong employment that was so critical in the previous stage. People take the responsibility of managing their careers and expect to change positions every few years, either inside the organization, or outside if needed.

Meritocracy also largely does away with the symbols of hierarchical stratification. The mandatory uniforms that used to indicate one's rank are dropped in favor of more indistinct business attire. As people change position often during a career, the Conformist-Amber fusion of identity with one's rank and position in the pyramid is weakened. Instead, people tend to wear a professional mask. One must

It is my philosophy that in order to be successful, one must project an image of success at all times.

Buddy Kane, the "King of Real Estate" in the movie
American Beauty

always look the part: be busy but composed, competent, and in control of the situation. Rationality is valued above all else; emotions, doubts, and dreams are best kept behind a mask, so that we do not make ourselves vulnerable. Our identity is no longer fused with our rank and title;

instead it is fused with our need to be seen as competent and successful, ready for the next promotion.

In most workplaces, while the precise uniform may be out of fashion, the signs of status are not. Senior managers have spacious corner offices, enjoy reserved parking spaces, fly first class, and receive generous stock options—while their subordinates fly coach and toil away in cubicles. Perks are not incompatible with meritocracy: leaders have the biggest impact on the organization's success, so they must be given the means to succeed. Besides, they deserve it. If you are smart and work hard enough, these benefits could be yours too.

Organizations as machines

Achievement-Orange thinks of organizations as machines, a heritage from reductionist science and the industrial age. The engineering jargon we use to talk about organizations reveals how deeply (albeit often unconsciously) we hold this metaphor in the world today. We talk about *units and layers, inputs and outputs, efficiency and effectiveness, pulling the lever and moving the needle, accelerating and hitting the brakes, scoping problems and scaling solutions, information flows and bottlenecks, re-engineering and downsizing*. Leaders and consultants *design* organizations. Humans are *resources* that must be carefully *aligned* on the chart, rather

like cogs in a machine. Changes must be planned and mapped out in *blueprints*, then carefully *implemented* according to plan. If some of the machinery functions below the expected rhythm, it's probably time for a "soft" *intervention*—the occasional team-building—like injecting oil to grease the wheels.

The machine metaphor, as impersonal as it sounds, also reveals the dynamic nature of organizations in Orange (as compared to Amber, where we think of organizations as rigid, unchanging sets of rules and hierarchies). There is room for energy, creativity, and innovation. At the same time, the metaphor of the machine indicates that these organizations, however much they brim with activity, can still feel lifeless and soulless.

Every paradigm has its leadership style that suits its worldview. Impulsive-Red calls for predatory leaders; Conformist-Amber for paternalistic authoritarianism. In keeping with the machine metaphor, Achievement-Orange leadership tends to look at management through an engineering perspective. Leadership at this stage is typically goal-oriented, focused on solving tangible problems, putting tasks over relationships. It values dispassionate rationality and is wary of emotions; questions of meaning and purpose feel out of place.

The shadows of Orange

As with any new paradigm, the more light it shines, the more shadow it can cast. One of Orange's shadows is "innovation gone mad." With most of our basic needs taken care of, businesses increasingly try to *create needs*, feeding the illusion that more stuff we don't really need—more possessions, the latest fashion, a more youthful body—will make us happy and whole. We increasingly come to see that much of this economy based on fabricated needs is unsustainable from a financial and ecological perspective. We have reached a stage where we often pursue growth for growth's sake, a condition that in medical terminology would simply be called cancer.

Another shadow appears when success is measured solely in terms of money and recognition. When growth and the bottom line are all that count, when the only successful life is the one that reaches the top, we are bound to experience a sense of emptiness in our lives. The midlife crisis is an emblematic disease of life in Orange Organizations: for 20 years, we played the game of success and ran the rat race. And now we realize we won't make it to the top, or that the top isn't all it's made up to be. In principle, work in Orange Organizations can be a vehicle for self-expression and fulfillment. But when year after year things boil down to targets and numbers, milestones and deadlines, and yet another change program and cross-functional initiative, some people can't help but wonder about the meaning of it all and yearn for something more.

*Ever more people today have
the means to live, but no
meaning to live for.*
Viktor Frankl

In light of the corporate scandals of the last decade, some would add that the most obvious shadow of the modern organization is individual and collective greed. A small circle of CEOs grant themselves ever higher salaries; they lobby government for favorable rules; corrupt regulators; play off governments to pay little or no taxes; and merge in a frenzy to dominate their industries and abuse their power over suppliers, customers, and employees.

Pluralistic—Green paradigm¹⁰

The Achievement-Orange paradigm replaces Amber's absolute truth of right and wrong with another standard: *what works and what doesn't*. The Pluralistic-Green worldview holds that this idea is still too simplistic. There is more to life than success or failure. Pluralistic-Green is keenly aware of Orange's shadow over people and society: the materialistic obsession, the social inequality, the loss of community.

Pluralistic-Green is highly sensitive to people's feelings. It insists that all perspectives deserve equal respect. It seeks fairness, equality, harmony, community, cooperation, and consensus. The self operating from this perspective strives to belong, to foster close and harmonious bonds with everyone. Orange promised a worldcentric stance; Green wants to cash in on the promise. Not only should individuals be able to break free from the prison of conventional roles, but the entire edifice of castes, social classes, patriarchy, institutional religion, and other structures needs to tumble down. In industrialized countries, in the late 18th and 19th centuries, a small circle of people operating from Pluralistic-Green started championing the abolition of slavery, women's liberation, separation of church and state, freedom of religion, and democracy. Ken Wilber puts it this way:

With the shift to reason and worldcentric morality, we see the rise of the modern liberation movements: liberation of slaves, of women, of the untouchables. Not what is right for me or my tribe, or my mythology, or my religion, but what is fair and right and just for all humans, regardless of race, sex, caste or creed.

And thus, in a mere hundred-year period, stretching roughly from 1788 to 1888, slavery was outlawed and eliminated from every rational-industrial society on earth. In both the preconventional/egocentric [Red] and conventional/ethnocentric [Amber] moral stance, slavery is perfectly acceptable, because equal dignity and worth are not extended to all humans, but merely to those of your tribe or your race or your chosen god. But from a postconventional stance, slavery is simply wrong, it is simply intolerable. ...

For almost identical reasons, we would see the rise of feminism and the women's movement on a culture-wide scale, generally dated ... from

Wollstonecraft in 1792, exactly the general beginning period of numerous liberation movements. ...

*[Democracy], too, was radically novel, on any sort of large scale. The early Greeks had none of this universalism. Let us remember that in the Greek "democracies," one out of three people were slaves, and women and children virtually so; the agrarian base cannot support emancipation of slaves.*¹¹

In the late 18th and 19th centuries, only a small elite operated from this Pluralistic-Green paradigm, but it profoundly shaped Western thinking. In the 20th century, this paradigm steadily grew in numbers, and some people embraced it wildly in the countercultural 1960s and 1970s. While Orange is predominant today in business and politics, Green is very present in postmodern academic thinking, in nonprofits, and among social workers and community activists.

For people operating from this perspective, relationships are valued above outcomes. For instance, where Achievement-Orange seeks to make decisions top-down, based on objective facts, expert input, and simulations, Pluralistic-Green strives for bottom-up processes, gathering input from all and trying to bring opposing points of view to eventual consensus. Orange glorifies decisive leadership, while Green insists that leaders should be in service of those they lead. Its stance is noble—it is generous, empathetic, and attentive to others. It insists that in light of the continuing inequality, poverty, and discrimination in our world, there must be more to life than a self-centered pursuit of career and success.

Yet this stage has its obvious contradictions. It insists that all perspectives be treated equally and finds itself stuck when others abuse its tolerance to putting forward intolerant ideas. Green's brotherly outreach is only rarely returned in kind by Red egocentricity, Amber certainty, and Orange contempt for what it sees as Green idealism. Green's relationship to rules is ambiguous and conflicted: rules always end up being arbitrary and unfair, but doing away with rules altogether proves impractical and opens the door for abuse. Green is powerful as a paradigm for breaking down old structures, but often less effective at formulating practical alternatives.

Green Organizations

The Pluralistic-Green perspective is uneasy with power and hierarchy. Ideally, it would want to do away with both altogether. Some have tried to take this radical step—to discard the Amber and Orange models and start from a blank slate. *If power inequality always results in those at the top ruling over those at the bottom, then let's abolish hierarchy and give everybody the exact same power. Let's have all workers own the company in equal shares and make all decisions by consensus, with nobody holding a*

leadership position (or, if needed, work with rotating leadership). Some radical experimenters have tried to create a new future along these lines; for instance, in the cooperative moment in the late 19th and early 20th centuries (in response to the glaring inequality brought about by the Industrial Revolution) or in the communes in the 1960s (inspired by the counterculture of the times). In hindsight, we know that these extreme forms of egalitarian organization have not been successful on a meaningful scale for any meaningful amount of time.¹² Bringing about consensus among large groups of people is inherently difficult. It almost invariably ends up in grueling talk sessions and eventual stalemate. In response, power games break out behind the scenes to try to get things moving again. Power can't simply be wished away. Like the Hydra, if you cut off its head, another will pop up somewhere else.

Extreme egalitarianism has proven a dead-end track. Yet Green has, like the previous stages, come up with its own breakthrough organizational model, adding three breakthroughs to the previous Orange model. Some of the most celebrated and successful companies of the last decades—companies like Southwest Airlines, Ben & Jerry's, and The Container Store, to name only few, are run on Green practices and culture.

Green breakthrough 1: Empowerment

Green Organizations retain the meritocratic hierarchical structure of Orange, but push a majority of decisions down to frontline workers who can make far-reaching decisions without management approval. People in the trenches are directly in touch with the myriad of smaller, day-to-day problems; they are therefore trusted to come up with better solutions than experts could devise from far away. Ground teams at Southwest Airlines, for instance, are famous for being empowered to seek creative solutions to passenger problems, whereas their colleagues at most other airlines aren't allowed to depart from the rulebook.

Making decentralization and empowerment work on a large scale is no easy feat. Top and middle managers are effectively asked to share power and give up some control. To make it work, companies have found that they needed to very clearly spell out the kind of Green leadership that they expect from people in senior and middle management. Green leaders should not merely be dispassionate problem solvers (like in Orange); they should be *servant leaders*, listening to their subordinates, empowering them, motivating them, developing them. Much time and effort is invested in helping people become servant leaders:

- Candidates for management positions are rigorously screened on their mindset and behavior: *Are they ready to share power? Will they lead with humility?*
- Green Organizations often invest a disproportionate share of their training budget in courses for newly promoted managers, to teach them the mindset and skills of servant leaders.

- Managers are evaluated based on 360-degree feedback, to make bosses accountable to their subordinates.
- In some innovative companies, managers are not appointed from above, but from below: subordinates choose their boss, after interviewing prospective candidates.¹³ The practice naturally induces managers to act as servant leaders.

Green breakthrough 2: Values-driven culture and inspirational purpose

A strong, shared culture is the glue that keeps empowered organizations from falling apart. Frontline employees are trusted to make the right decisions, guided by a number of shared values, rather than by a thick book of rules and policies.

Some people have become disillusioned with and scoff at the notion of shared values. This is because Orange Organizations increasingly feel obliged to follow the fad: they define a set of values, post them on office walls and the company web site, and then ignore them whenever that is more convenient for the bottom line. But in Green Organizations, where leadership genuinely plays by shared values, you encounter incredibly vibrant cultures in which employees feel appreciated and empowered to contribute. Results are often spectacular. Research seems to show that values-driven organizations can outperform their peers by wide margins.¹⁴

*Culture eats strategy
for breakfast.*
Peter Drucker

In many cases, Green Organizations put an inspirational purpose at the heart of what they do. Southwest Airlines doesn't consider itself merely in the transportation business; it insists that in reality it is in the business of "freedom," helping customers to go to places they couldn't go if it weren't for Southwest Airlines' low fares. Ben & Jerry's is not just about ice cream, it's about the earth and the environment too.

In Orange Organizations, strategy and execution are king. In Green Organizations, the company culture is paramount. CEOs of Green Organizations claim that promoting the culture and shared values is their primary task. The focus on culture elevates human resources (HR) to a central role. The HR director is often an influential member of the executive team and a counselor to the CEO. He heads a large staff that orchestrates substantial investments into employee-centric processes like training, culture initiatives, 360-degree feedback, succession planning and staff morale surveys.

Green breakthrough 3: Multiple stakeholder perspective

Orange holds that for-profit companies should operate with a shareholder perspective. Management's primary (some people claim its sole) obligation is to maximize profits for investors. Adam Smith's "invisible hand" is often invoked to explain how this benefits all stakeholders in the long run. Green Organizations insist that there should be

no such hierarchy among stakeholders. Businesses have a responsibility not only to investors, but also to management, employees, customers, suppliers, local communities, society at large, and the environment. The role of leadership is to make the right trade-offs so that all stakeholders can thrive.

Every large organization today has to publish a corporate social responsibility report. Green Organizations consider their social responsibility an integral part of how they do business, contrary to their Orange counterparts who often deem such reports a distracting obligation. Social responsibility is often at the core of their mission, and it provides the motivation that spurs them on to innovate and become better corporate citizens. Green Organizations work with their suppliers in developing countries to improve local working conditions and prevent child labor; they try to reduce their carbon footprint and their use of water; they strive to recycle their products and reduce packaging. Leaders in Green Organizations maintain that the “stakeholder perspective” might come with higher costs in the short term, but it will deliver better returns in the long run for all parties, including shareholders.

Family as the guiding metaphor

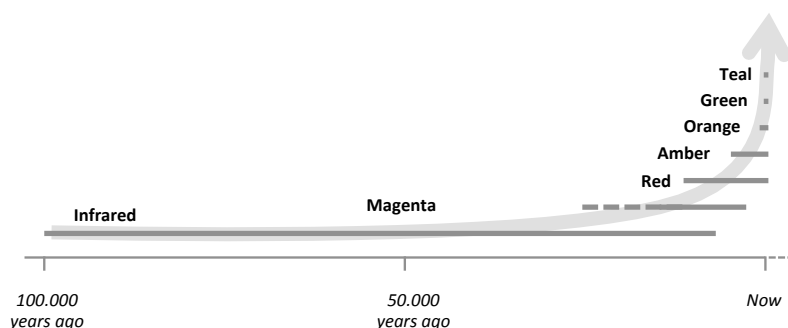
Where Achievement-Orange views organizations as machines, the dominant metaphor of organizations in Pluralistic-Green is the family. Listen to leaders of Green Organizations and you can't fail to notice how frequently the metaphor pops up in one form or another: employees are *part of the same family* and *in it together*, ready to *help each other out* and *be there for one another*. At Southwest Airlines, one of the eight injunctions to display “a servant's heart” in the Southwest Way is for employees to “Embrace the SWA family.” DaVita, a leading operator of dialysis centers that has implemented Green organizational principles and practices with great consistency,¹⁵ uses another community metaphor. Notwithstanding its large size, the company talks about itself as the *Village* and calls its 41,000 employees *citizens*. The corporate headquarters is known as *Casa DaVita*, while Kent Thiry, the chairman and CEO (who is credited with having turned the company around from virtual bankruptcy in 1999 to its current success by virtue of the Green culture he brought about) is referred to as the *Mayor* of the Village.

From Red to Green: co-existence of organizational models

Organizations as we know them are a very recent phenomenon. For the majority of the history of our species, we were busy hunting and gathering, which we can safely assume didn't involve email overload and tedious budgeting meetings. In the overall scope of things, it wasn't long ago that we switched to the age of agriculture, and even then organizations rarely spanned beyond family structures. It was only with

the Industrial Revolution that organizations began to employ a large share of *human resources*. Management as a field of academic interest really only blossomed in the last 50 years.

When we plot the successive stages of human and organizational consciousness on a timeline, the result is striking. Evolution seems to be accelerating, and accelerating ever faster. If the trend is to continue, we might well experience the emergence of one or two new stages beyond Green within our lifetimes.



The illustration reveals another interesting phenomenon: Never before in human history have we had people operating from so many different paradigms all living alongside each other. The same is true for organizations: in the same city, if we care to look, we can find Red, Amber, Orange, and Green Organizations working side by side.

In a broad generalization, it is safe to say that, in developed societies, Impulsive-Red Organizations persist only at the fringes of legal activity. Conformist-Amber is still heavily present in government agencies, the military, religious organizations, and public school systems. Achievement-Orange is clearly the dominant paradigm of business corporations, from Wall Street to Main Street. Pluralistic-Green organizational practices are making increasing inroads, not only in the world of nonprofits, but in the business sector as well. The table below summarizes these four organizational models, their breakthroughs, and dominant metaphors. It shows the current state of affairs out of which, perhaps, a new model is about to emerge.

	Current examples	Key breakthroughs	Guiding metaphor
RED organizations			
Constant exercise of power by chief to keep troops in line. Fear is the glue of the organization. Highly reactive, short-term focus. Thrives in chaotic environments.	<ul style="list-style-type: none"> • Mafia • Street gangs • Tribal militias 	<ul style="list-style-type: none"> • Division of labor • Command authority 	<ul style="list-style-type: none"> • Wolf pack
<hr/>			
AMBER organizations			
Highly formal roles within a hierarchical pyramid. Top-down command and control (what and how). Stability valued above all through rigorous processes. Future is repetition of the past.	<ul style="list-style-type: none"> • Catholic Church • Military • Most government agencies • Public school systems 	<ul style="list-style-type: none"> • Formal roles <i>(stable and scalable hierarchies)</i> • Processes <i>(long-term perspectives)</i> 	<ul style="list-style-type: none"> • Army
<hr/>			
ORANGE organizations			
Goal is to beat competition; achieve profit and growth. Innovation is the key to staying ahead. Management by objectives (command and control on what; freedom on the how).	<ul style="list-style-type: none"> • Multinational companies • Charter schools 	<ul style="list-style-type: none"> • Innovation • Accountability • Meritocracy 	<ul style="list-style-type: none"> • Machine
<hr/>			
GREEN organizations			
Within the classic pyramid structure, focus on culture and empowerment to achieve extraordinary employee motivation.	<ul style="list-style-type: none"> • Culture driven organizations (e.g., Southwest Airlines, Ben & Jerry's, ...) 	<ul style="list-style-type: none"> • Empowerment • Values-driven culture • Stakeholder model 	<ul style="list-style-type: none"> • Family
<hr/>			
TEAL organizations			
?	?	?	?