



WHITE PAPER SERIES

04

**Conscious  
Leadership as the  
effective way to  
transform complexity  
into an opportunity**

# Leadership as the effective way to transform complexity into an opportunity



Conscious  
Leadership

The environment's growing complexity has become one of the largest challenges today's leaders must face. Considering one of the essential principles of Conscious Capitalism—Conscious Leadership—we understand that if today's leaders are capable of developing, nourishing and taking into practice the skills inherent to the conscious leader, they'll be able to navigate the complexity of change as an opportunity, creating long-lasting value for the organization and its stakeholders.

***“Today only top 5% of leaders operate from the perspective necessary to manage the complex systemic change.”***

David Rooke, William Torbert  
Seven Transformations of Leadership  
Harvard Business Review

## Navigating complexity as an opportunity

One of the greatest challenges faced by today's leaders is dealing with the complexity of a constantly changing environment. Improvements in technology, social media's constant advancement with explicit needs capable of modeling a business's direction, globalization and external pressures from high competition, are some of the factors that contribute to the creation of a challenging context for businesses. The complexities in which organizations and human beings are nowadays immersed appear to be a decisive factor for the entire organization's survival in time.

Almost overnight, the world has become social, and so has work. As Jamie Notter and Maddie Grant mention in their book “Humanize”, many organizations have been unable to adapt to the new context and take advantage of the opportunities provided by improvements in technology and social media due to the fact that they have a traditional mechanical structure. Today, there is a need for organizations to become more “human” and less rigid and mechanical.

To get an organization to navigate the complexities of the environment in an effective and successful way, it is necessary to develop a new leadership style with skills and abilities that exceed traditional competences and mere intelligence. In other words, a more conscious leadership style is needed; one that is able to identify potential benefits within complexity and one that transforms such complexity into an opportunity, allowing value creation for the organization as a whole and all its stakeholders.

## Conscious Leadership

In order for an organization to effectively take advantage of the growing complexities of the environment in a way that it adds value to itself and its stakeholders, it is necessary to develop a leadership style that is capable of guiding the organization in pursuit of reaching its fundamental purpose, and one that acts in alignment to that higher purpose.

Historically, organizations hired leaders who could exercise their power as the most effective way to achieve results. This resulted in organizations characterized by having a leadership that obtained results for personal and own benefit, leaving stakeholders' interests aside.

John Mackey and Rak Sisodia call this type of leadership “mercenary leadership”, which is characterized by leaders who are only motivated by numbers, with an abstract and short-term vision of the business and focused only in generating economic return for the organization and themselves, without considering others' interests. This type of leadership is harmful for the long-term business and ineffective in creating engagement and enthusiasm among their teams.

***“Leadership is the process by which a person sets a purpose for other persons and motivates them to pursue it with effectiveness and full commitment. Leadership transforms individual potential into collective performance.”***

Fred Kofman  
Conscious Business

However, there is another type of leadership that has lately experienced an evolutionary process towards becoming more conscious. This type of leadership can be much more effective in the long-term, with the ability of facing the complexity of change and the environment's transformations, and is called: Conscious Leadership.

Conscious Leadership is one of the most important principles of Conscious Capitalism. It is characterized by having an inherent systemic sensitivity that allows these leaders to understand the system's complex changes and stakeholders' behaviors from a broader perspective. When adopting a systemic view, they are able to identify relationships and connections between stakeholders and the changes that must be carried out in the system in order to change their behavior and achieve greater effectiveness.

In this sense, we consider that Conscious Leadership is the most effective type of leadership to navigate the complexities of change. Conscious Leadership is a human leadership, since it integrates the male and the female, the heart and the mind, the spirit and the soul. And this type of leadership can only be developed through conscious leaders.

### What does it mean to be a conscious leader?

The quality of our leaders affects our quality of life. Thus, the importance that conscious organizations are characterized by being guided by conscious leaders.

#### Motivations of conscious leaders

- Emotionally and spiritually mature.
- Motivated by service to the purpose of the business and stakeholders, and not by the pursuit of power or personal enrichment.
- Develop and inspire, mentor and motivate, and lead by example.
- Possess exceptional moral courage.
- Are able to withstand constant scrutiny and criticism from those who see business in a more traditional way.
- View themselves as trustees of the business, seeking to nurture and take care of it for future generations, and not to exploit it in the short-term for the gains of themselves or current stakeholders.

#### Qualities of conscious leaders

- They find great pleasure and beauty in their work, particularly in the opportunity to serve, lead and help shape a better future.
- They are eager to share their passion with others.
- They are dedicated to their work, which recharges and energizes them, instead of draining them.
- They recognize their deepest convictions and motivations.
- They are authentic: they don't try to be someone they are not.
- They have high analytical, emotional, spiritual and systems intelligence.



As John Mackey and Raj Sisodia explain in their book Conscious Capitalism, a study carried out by Robert Kegan and Howard Garden showed that human beings are equipped with different types of intelligence in different proportions.

Most conscious leaders have high analytical intelligence (high intellectual quotient). However, having a high IQ is not enough for being a conscious leader. From the perspective of Conscious Capitalism, developing only analytical intelligence can be harmful and inadequate for the organization, because decisions are made based on short-term considerations, lacking a systemic view on what is good for all stakeholders in the long-term.

For this reason, analytical intelligence by itself does not provide the necessary tools for leaders to face the systemic complex changes. A high emotional, spiritual and systems intelligence is also required:

#### Emotional Intelligence

- It combines intelligence (understanding of oneself) and interpersonal (understanding of others) intelligence.
- The first pillar is Self-awareness: the core of what it means to be more conscious.
- The second pillar is empathy: the ability to understand and feel what others are feeling.
- Due to the complex and increasing environment in which conscious leaders perform, emotional intelligence becomes relevant for effectively understanding and communicating with stakeholders.

#### Spiritual Intelligence

- It helps us discover our personal higher purpose.
- Conscious Leaders with high spiritual intelligence have a remarkable ability to help organizations align with their organizations' higher purposes.

### Systems Intelligence

- They have high analytical, emotional, spiritual and systems intelligence.
- They can see the bigger picture and understand how the different components of the system are interconnected and behave over time.
- They can anticipate both immediate and long-term consequences.
- Due to their intuitive understanding of systems, conscious leaders are excellent organizational architects.
- They understand what causes problems, where they rise and how they relate to organizational design.
- They identify essential solutions, instead of quick symptomatic solutions.
- They feel the system's interconnection and oneness, which allows them to prevent many potential problems.

### Why be a Conscious Leader?

Conscious leaders are aware of the importance of service in helping the organization realize its highest potential. One of the most important virtues of a conscious leader is integrity. Integrity is a comprehensive virtue that includes authenticity, fairness, trustworthiness and moral courage. It involves doing what one believes is true to one's values, and doing the right thing whatever the circumstances. Conscious leaders also have a great ability to love and take care of others, and are characterized by possessing a strong self-determination.

Conscious leaders, instead of trying to impose their will, seek to serve the collective spirit. They lead by example, instead of leading by charisma or the power of their personality. Among other things, conscious leaders concentrate in building long-lasting organizations.

Conscious leaders also seek to and make a positive and significant difference in their lives and in the world. They understand that the definition of success changes as they progress towards becoming aware, and relate success to a way to make a lasting and positive impact on the world.

At the same time, they have a passion for making the world a better place in some significant way. Conscious leaders inspire and motivate others to commit to change voluntarily. They are capable of building a shared purpose: they constantly involve their colleagues around questions of identity and purpose. In this way, they are able to build organizations whose higher purpose becomes part of their DNA.

Conscious leaders also seek and help people evolve and grow. They are in constant personal growth and development. They treat people with respect, regardless of their position and appreciate each individual's unique talent.

Lastly, conscious leaders make difficult moral decisions: they often confront dilemmas in which they have to choose courses of action that may be right from certain perspectives. In that case, the conscious leader acts

according to the organizations' purpose and core values to make decisions that create value in the long-term for all stakeholders.

**In a global study carried out by IBM in 2010 to over 1,500 CEOs in 60 countries and 33 types of industries, 80% of leaders anticipated more complexity in the future, but less than 50% feel confident to deal with such complexity.**

**They also emphasized the following key points:**

- **Even after (current) recession, 79% CEOs expect the business environment to become even more complex in the next years.**
- **More than half CEOs doubt their ability to manage this growing complexity.**
- **Western CEOs anticipate economic power to shift towards developing markets and view heavier regulation in the future.**
- **Most CEOs refer to creativity as the leadership quality required for facing growing complexity.**

Source: HBR Blog Network. How To Ignite Creative Leadership In Your Organization. Navi Radjou, Jaideep Prabhu, Prasad Kaipa, Simone Ahuja. May 2010.

### It's up to you, it's your choice

Businesses cannot evolve, learn and grow if their leaders are not growing and learning as well. To become a conscious leader, you must aspire to be one. If this intention is not clear, it just won't happen. Personal growth implies great effort and it sometimes involves pain. However, as we make mistakes, we learn from them. And that is the beginning of a process that is full of growth and learning, a process that will allow reaching higher levels of awareness.

Becoming a conscious leader is up to you. It is your opportunity to start developing abilities and capacities that will allow you to respond effectively to society's complexities, to respond to external events in a conscious manner, to act in accordance with your higher purpose and in alignment with the higher purpose of the organization, creating value for all stakeholders and making a significant difference in the world we live in.

Dare to take the first step.

.....  
*For more information, we recommend that you read chapter "Conscious Leadership" in: **Conscious Capitalism by John Mackey and Raj Sisodia.***

*And we invite you to watch this Ted Talks by **Simon Sinek:***

***How great leaders inspire action:** [https://www.ted.com/talks/simon\\_sinek\\_how\\_great\\_leaders\\_inspire\\_action](https://www.ted.com/talks/simon_sinek_how_great_leaders_inspire_action)*

*Also, if you are interested in knowing more about*

*Conscious Capitalism, [click here.](#)*  
 .....

*References*

- \* John Mackey y Raj Sisodia. *Conscious Capitalism*. Harvard Business Review Press. 2013.
- \* Fred Kofman. *Conscious Business: How to Build Value through Values*. Buenos Aires. 2008.
- \* Jamie Notter and Maddie Grant. *Humanize: How People-Centric Organizations Succeed in a Social World*. September 2011.
- \* Tony Shwartz. *The Productivity Paradox: How Sony Pictures Gets More Out of People by Demanding Less*. HBR. The Magazine. June 2010.
- \* Prasad Kaipa and Navi Radjou. *Watching Wise Leaders Deal With Complexity*. HBR Blog Network. February 2013.
- \* Navi Radjou, Jaideep Prabhu, Prasad Kaipa, Simone Ahuja. *How To Ignite Creative Leadership In Your Organization*. HBR Blog Network. May 2010.