



WHITE PAPER SERIES

05

# Towards the Co-creation of a Conscious Culture

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Conscious  
Culture

Culture in an organization is invisible but penetrating, and an extremely powerful source of value creation. When consciously nurtured and developed in time, it becomes the most relevant distinguishing factor and vehicle to reach higher competitive advantage.

Experience has shown that conscious businesses perform better\*. We invite leaders of organizations to encourage and lead a cultural change towards a conscious culture that is completely aligned with its strategy of businesses.

**“Culture can account for 20-30% of the differential in performance compared with ‘culturally unremarkable’ competitors.”**

James L. Heskett.

## Culture doesn't eat strategy for breakfast... Culture is the strategy

An organization's culture can be a significant limitation to reach sustainable success or may be an essential source of strength and competitive advantage.

Peter Drucker said: “Culture eats strategy for breakfast”, meaning that when a great strategy is not supported by the culture of the organization, it lacks sense, direction, and has high possibilities of failing. With this idea, Peter Drucker didn't suggest that strategy is not important, but that an excellent strategy can fail if the organization's culture is incompatible with it or if it is based on fear, distrust and hostility originated in toxic and inconsistent cultures.

Integralis proposes an approach that implies going one step further: “Culture doesn't eat strategy for breakfast... Culture is the strategy”. In order for an organization to achieve outstanding sustainable results in the long-term and to be able to face the challenges inherent to a constantly changing society, it is essential that strategy and culture are in complete alignment towards a common higher purpose.

## Unconscious cultures

To understand the difference between an unconscious and a conscious culture, it is necessary to ask: what is culture? In the book “Conscious Business”, Fred Kofman defines culture as “how we do things around here”. That is, culture develops from the messages received by each group member about the behavior expected from them, and understands the shared goals, beliefs, routines, needs and values. Culture is essential for the organization, it impregnates it and it is the vehicle that allows it to put its strategies into practice, achieve its objectives and fulfill its mission.

Now then, what does an unconscious culture mean? Fred Kofman identifies three attitudes that give place to an unconscious culture. These attitudes create a toxic infrastructure that leads to unfavorable results in the personal, interpersonal and impersonal dimensions of an organization:

- *Unconditional blame: The tendency to explain situations exclusively as the consequence of forces beyond our control and to see ourselves as absolute victims of circumstances.*
- *Essential selfishness: The exclusive focus on ego gratification and satisfaction, without concern for the well-being of others and without considering the consequences that our actions can have on others on the long-term.*
- *Ontological arrogance: The claim that things are the way we see them, that our truth is the only truth. It is the belief that only my point of view is valid and that any opinion different from mine is mistaken.*

\* Publicly traded Firms of Endearment companies out-performed the S&P 500 by more than a 9-to-1 ratio over the 10 years ending June 30, 2006. Rajendra S. Sisodia, David B. Wolfe, Jagdish N. Sheth. Firms of Endearment: How World-Class Companies Profit from Passion and Purpose Hardcover. Wharton School Publishing. 2007.

When these three behaviors become the toxic infrastructure of an organization, they generate three types of perverse interactions—manipulative communication, narcissistic negotiation and negligent coordination—that, combined with an additional factor—emotional incompetence—significantly contribute to the presence of attitudes and reactions that form an unconscious culture.

**“Unconscious businesses focus on creating as much financial wealth for their investors as possible. Everyone and everything else is a means to an end. Leaders proclaim repeatedly and proudly that their focus is profit maximization. This sends a loud and unmistakable message to everyone the organization touches: they too must focus on maximizing their own profits.”**

Source: John Mackey & Raj Sisodia. *Conscious Capitalism*

## Conscious Cultures

From the perspective of Conscious Capitalism, conscious cultures are self-sustaining, self-healing and evolutionary. They are resilient to changes in leadership or external context and require conscious leaders who carry out an approach based on decentralization, empowerment and collaboration.

From this point of view, conscious cultures include the following seven characteristics:

1. *Trust*: conscious cultures have high levels of internal and external trust. Within the organization, there is a high level of trust both vertically (between the leadership and frontline team members) and horizontally (within the leadership team and teams of all levels). Externally, there is a high level of trust between the company and its customers, suppliers and communities where it operates, investors, partners and government.
2. *Accountability*: conscious cultures combine high levels of trust with a strong emphasis on accountability. Team members are accountable to each other and to customers. Individuals comply with their commitments and are responsible for their performance, efficiency and deliverables. Suppliers are accountable to the company and vice versa. Accountability is related to high levels of decentralization and empowerment.
3. *Caring*: The human need to care and be cared for is an extremely powerful motivation. Conscious cultures are characterized by caring for all stakeholders in a genuine, heartfelt love. When stakeholders feel cared for, they show genuine care towards the organization. People in conscious businesses behave in an authentic, considerate and compassionate manner.
4. *Transparency*: In order to generate trust, it is necessary to encourage and stimulate transparency. Transparency is not an end in itself; it is a means to build more trust. Financial books are generally available, information about salaries is readily available, and strategic plans are openly discussed and communicated. Communication is honest and straightforward.
5. *Integrity*: conscious cultures are marked by strict adherence to telling the truth and fair dealing. They readily forgive lapses in judgment but don't accept lapses in integrity. Commitment to integrity exceeds adherence to laws. Conscious companies tend to establish global standards that go beyond the requirements placed by local governments. They are guided by what they believe is ethically correct, not only by what is legally required or socially acceptable.
6. *Loyalty*: conscious businesses exist in a system of high loyalty. All stakeholders are loyal to each other and to the company. In these type of businesses, the mental model of: “What have you done for me lately” is not present. When unusual situations occur, stakeholders are more patient and understanding with each other. As there are high levels of accountability, loyalty is not associated to a “blind” loyalty to those who consistently fail to live up to the expectations.
7. *Egalitarianism*: conscious cultures don't have a system of classes that separate leaders from their team members at large. Everyone is treated with dignity and respect. The salary differential between the top and front lines is lower in comparison to the differences in traditional companies. Senior executives don't enjoy special privileges that are unavailable to others. Every team member provides value as to how the organizations is managed and led. In general, there is an “open-door” policy so that team members can communicate with the leadership team in an informal way.

The DNA of a conscious culture is represented by the sense of purpose oriented towards caring for all stakeholders, where continued growth and evolution of individuals and the business is stimulated.

From the perspective of Conscious Capitalism, a conscious business becomes, in this sense, in a type of living system that is self-organized, learns, evolves and self-updates. The correct degree of decentralization, empowerment, collaboration, love and care in the work environment allows the organization to quickly adapt, innovate, evolve, and reach a strong and sustainable competitive advantage.

**“A company's culture is like its DNA. What the DNA does for an organism, corporate culture does for an organization. An organism's DNA needs to be genetically resistant but also adaptive. Likewise, a corporate culture needs to be resistant to short-term incidental influences, but have the ability to adapt when needed.”**

Source: Raj Sisodia, Jag Seth & David B. Wolfe.

Firms of Endearment.

## Towards the transformation of a conscious culture

Every organization has its culture, and every culture has an immune system that resists to radical change. Therefore, the great challenge faced by organizations is to implement a successful cultural change that allows transition towards a conscious culture.

If the leadership team has articulated a convincing higher purpose and has made an authentic commitment with its stakeholders, but the culture is indifferent or hostile to these principles, efforts towards such transformation will be doomed to failure.

For this reason, it is essential that the company becomes aware of those aspects of the current culture that are particularly toxic or not aligned with the conscious behaviors, attitudes or interactions.

As Fred Kofman explains in his book *Conscious Business*, cultural change is possible when the leadership team can change people’s beliefs about “the way things are done in this organization”. In this sense, cultural change implies a change in beliefs, behaviors, interactions, thoughts, symbols, systems and processes.

The greatest defiance is to challenge those patterns that have helped the organization and leaders reach success until now and, from there, work on behaviors, that is, on “doing” rather than “saying”. Cultural change implies modifying the deepest beliefs and core behaviors.

### Immunity to Change

**As a result of 25 years of research on the development of mental models and the complexity of adult mindsets, Robert Kegan and Lisa Laskow Lahey wrote the book entitled “Immunity to Change”.**

**In the book, the authors refer to a study that has showed that when doctors tell cardiac patients that they will die if they don’t change their habits, only 1 in 7 will follow through.**

**Desire and motivation are not enough: even when it is a matter of life or death, the ability to change remains exasperatingly evasive.**

**The authors showed how individual beliefs—together with collective mental models in organizations—are combined to create a new natural but powerful immunity towards change. By revealing how this mechanism holds us back, Kegan and Lahey provide the tools to unlock our potential and finally move forward.**

***“If we want deeper understanding of the prospect of change, we must pay closer attention to our own powerful inclinations not to change”.***

Source: Rober Kegan and Lisa Laskow Lahey.

How the way we talk can change the way we work.

## The Conscious Co-creation Cycle

Integralis proposes a model of cultural change towards a conscious culture through co-creation.

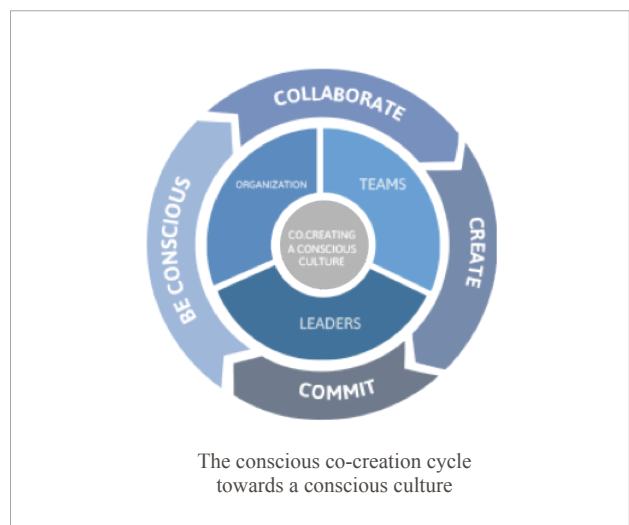
The co-creation of a conscious culture refers to an active, creative and social collaborative process in which knowledge and perspectives are combined in a common frame.

This process is led and guided by the Leadership Team, where stakeholders are involved, collaborate and commit to the development of a conscious culture that is aligned with the strategy of the business.

The cycle of conscious co-creation is designed in 4 steps (4Cs), which are interrelated and mutually reinforce each other:

1. **Be Conscious:** Become conscious about internal mental models, behaviors and their impact on the organization, relationships with others and oneself.
2. **Collaborate:** Integrate the perspectives of stakeholders (customers, team members, suppliers, investors, the community) to reach alignment and prepare them for the process of change towards a conscious culture.
3. **Create:** Create a conscious culture plan that supports the business strategy and encourages conscious behaviors within the organization with the purpose of reaching the desired culture.
4. **Commit:** Implement and put behaviors, symbols and systems into practice to achieve a genuine culture of transformation through the commitment of all stakeholders. Measure and follow progress, learn from experience and start the cycle again.

Through the implementation of this model, we are able to help and accompany organizations during the transition from an unconscious culture to a conscious culture.



## Why change?

It is better to implement change before a crisis approaches, because it is necessary to dedicate enough time to design, lead and implement the cultural change successfully. However, convincing people that the time has come to make a significant change, is no easy task.

Resistance to change is reflected in dominant paradigms that die hard. A new paradigm is resisted by those who cling to their points of view and dedicate to maintain the status quo.

However, and as John Mackey and Raj Sisodia mention in Conscious Capitalism, human beings are evolving fast, they are better informed, more connected and motivated by aspirations and values of higher levels. Human beings are becoming more conscious: they have evolved ethically, taking accountability for the consequences of their actions and understand more the interdependencies of the components of the system in which they are immersed.

A great opportunity awaits us. If we make the most of it and are able to challenge our own mental models, beliefs and assumptions, we will be able to produce fundamental changes in our lives, in the organizations we are part of, and in the lives of others, marking the path towards a much more collaborative, meaningful and conscious future.

***“The spark that ignites a process of cultural change is a change in the attitudes, beliefs, and behaviors of top management: in other words, a shift from unconscious to conscious leadership.”***

Fred Kofman.  
Conscious Business.

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

*And we invite you to watch the following lecture by Robert Kegan: An Evening with Robert Kegan and Immunity to Change: <https://www.youtube.com/watch?v=FFYnVmGu9ZI>*

*Also, if you are interested in knowing more about Conscious Capitalism, click [here](#).*

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### References

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