

Introduction

What to Expect

The New Ecology of Leadership is both for people with unformed management concepts who are looking for a guide and for active practitioners who are challenged to make sense of what is happening every day. It's for leaders who have always used multiple perspectives and are happy to have a new one to expand their repertoire. It's also for all those managers whose apparently solid conceptual frameworks have been badly broken by the events of the past decade and who are trying to put the puzzle pieces back into a coherent pattern.

In *Crisis & Renewal* (published in 1995) I showed how organizations are conceived and born, how they grow to maturity, and then how they dwindle and die unless they are continually renewed. In that book I argued that Western management thought has always been deeply uneasy about change. This is because it depends upon a single, static “left-brained” concept of rationality, and it assumes that, even if managers don't always think in this way, then they ought to. In *Crisis & Renewal* I proposed a new, dynamic approach based on systems thinking that recognized the validity of another kind of logic—a values-based logic of *people*. I argued that organizations had to make effective use of *both* of these logics and could thrive on the creative tension between them.

Systems thinking is enormously helpful, but it can often seem mind-numbingly abstract. Rather than study it directly, a better approach is to draw analogies between complex things like human organizations and simpler, more familiar structures like forests and then to use systems thinking to discipline the comparisons between the two. The result is that one learns both about one's own organization and about systems in general. In *Crisis & Renewal* I used an ecosystem analogy based on fire-dependent forests to show why and how crisis is often associated with real organizational change. The book sold well in several languages, but it was perhaps ahead of its time. If anything, management thought and practice have become ever more "left-brained" in the past few decades under the baleful influence of neoclassical economics and the shareholder model of valuation that accompanied it. Many mainstream management academics have contended that the sole goal of managers is to maximize shareholder value. The markets, they argued, would take care of everything else.

It's Time for *The New Ecology of Leadership*

Today the shareholder value model is in tatters, and our faith in markets has been shaken, if not shattered, especially when it comes to the markets for financial assets. Some say it is the end of Anglo-Saxon capitalism as we know it. Others argue that we are in a time of great stagnation that has followed three hundred years of rising prosperity based upon harvesting "low-hanging fruit." Things will eventually get better, they think, but nobody knows when or how.¹

On a much larger scale, geologists are mulling over whether to proclaim the dawn of a new geologic epoch. The relatively stable period known as the Holocene covers the past twelve thousand years. Geologists suggest that the new changeable epoch, starting with the Industrial Revolution, should be called the Anthropocene to reflect the impact of humankind on the Earth and the concerns about how the results of our actions will play out on our planet.²

Globally this is a time of profound uncertainty. It is a time of great danger for sure but also a time of great opportunity—provided we step back and reconsider the lenses through which we have been viewing our managerial realities. This book does that. It has been more than twenty years since I first started writing *Crisis & Renewal*, and in that interval I

have worked with organizations in places as diverse as the frozen forests of Finland and the humid river deltas of China. I have taught executives around the world and have learned much from them as they recounted their experiences. Throughout this time I have immersed myself in management writing and research and in the ideas of some of the great thinkers in the sciences and the humanities.

The mental model that I sketched only lightly in *Crisis & Renewal* is now fleshed out here in much greater detail and integrates a vast ecology of concepts and experiences. Although it has intellectual heft, that by itself will not change people's thinking. This is as it should be. Indeed, a central theme of this book is that *thought is changed by action and experience*, not by the impact of ideas. Yet we have to make sense of our experience of the past few decades if we are to learn from it and modify our thinking. It is the mental model's resonance with managers' experiences that gives it power and urgency. To paraphrase T. S. Eliot, we have had the experience but missed the meaning. In this book the approach to that meaning restores the experience but in a much broader context than we could ever have imagined.³

Making Meaning

The making of meaning is the primary role of leadership in every organization. Meaning is made by distilling experience; we call the resulting essence "wisdom." As everyone knows, however, wisdom can neither be taught nor told, so you will not become wise just by reading this book. It will, however, help you distill your accumulated know-how into wisdom. For we make meaning by classifying the elements of our experience and those of others and then connecting them together in webs of cause and effect, which we call "stories." The framework I present has "buckets" into which to pour your experiences and a method for linking them together in cycles and chains of causality. Think of it as a dynamic filing system and a management toolbox that allows you to store and retrieve organizational experiences and to employ them in taking effective action.

Thus, this book will help you make sense of your organizational experience and that of others and turn that understanding into collective power. It is written for reflective practitioners—people who act to think just as often as they think to act. It's about acting and thinking effectively

in organizational contexts that are shaped by passion, reason, and power. It speaks to how these complex processes mold our behavior and how their influence on us waxes and wanes as organizations come into being, grow, and mature. Crucially, it shows how passion, reason, and power can be deployed in tools and embedded in settings and how they can be used either to change or to sustain organizations, both for good and for ill.

You will be able to place your organization in the process, to understand where it needs to go and how you and others can contribute. This book will also help many readers find their own special “power,” their own particular management talent. For in some sense, like the stars of the X-Men comics and movies, we are all born mutants with special powers. A few managers know their special power from birth, but many of us spend our whole lives trying to discover what it is. Some never do.

Those who uncover their special gift and who ignite a passion in themselves and others find this to be a source of incredible motivation.⁴ In management it enables them to act authentically, keeps them going in the most difficult of times, and helps them to form powerful collaborations with others with different gifts. Imagine what it would be like to have an organization full of people like that—self-motivated, persistent, and able to work together effectively. It would be an organization where work is play and play is life! I have seen it happen firsthand, and the framework presented in this book is the result of my trying to make meaning of my own experience and that of others in ways that can be shared and appreciated by all.

Here is a framework for the twenty-first century that is firmly rooted in the past. Make no mistake, it is this foundation in the past that allows each of us to find meaning in the present. This expansive view of organizations connects them with our evolutionary heritage and our cultural history, yet places them firmly in the contexts in which each of us lives. It enables what James Joyce called “epiphanies of the ordinary,” those moments when we realize that what we are doing has been done before in different contexts in faraway places and in long-ago times. It allows us to draw analogies and see patterns in our own lives and in our organizations, bringing the new into the old and the mythic into the mundane and finding meaning in everything that we do. It clarifies and captures the essence of organizational life. It says: “Organizations are like this.”

The Importance of Context

The basic assumption throughout this book is that the human mind is not rational in a logical way, but *it is rational* in an “ecological” way. And that’s a good thing.⁵ I use the word “ecological” in the broadest possible sense of the relationship between us and our surroundings. So the human mind is rational—geared to understand cause and effect—not in the abstract but in the environments to which it is adapted—the contexts in which it evolved (survived).

There is growing evidence to support this ecological view of rationality, and it has momentous implications. *It means, for example, that we can think about the world in just as many different ways as we experience it.* That is, we can think visually, linguistically, musically, spatially, bodily, and so on.⁶ As a result, we are profoundly metaphorical animals who have an amazing ability to express one kind of experience in terms of another.

Thus, we are instinctively *analogical* rather than *analytical* in our mental habits. To be analogical is to integrate, to “gather things together.” This is the opposite of the process of analysis, which breaks things apart.⁷ Analysis has a large role to play in management, and it is enormously helpful *provided that it is always done within the right context.* As we will see, organizations get into serious problems when analysis is done without context, when means become ends and metrics become targets.

So we need analogical thinking to understand the role and importance of context, and I am going to be using an analogical approach to do this.⁸ I will be drawing analogies from nature—something of which we all have experience. Indeed, nature has been humankind’s context throughout evolution, so it is not surprising that we have become ecologically rational in the process.

The added benefit of our ecological rationality is that at some deep level the framework you are about to enter should be intuitively obvious to you. I cannot prove the model “true” in the scientific sense of the word, but you will find it true for organizational life. That is, it will resonate with your experience. It contains narrative truth. Screenwriter Robert McKee explains what this is: “What happens is fact, not truth. Truth is what we *think about* what happens” (his emphasis).⁹

Management science has long searched for scientific truth, but that’s rarely a big issue for executives. Their real concern is with how people behave and respond to events and how they make sense of their experience.

Their concern is for narrative truth.¹⁰ It is the narrative truth contained in history and fiction that explains why so many executives prefer to read novels and biographies rather than management books. Thus, the only criterion for the success of a mental model is whether it is more helpful than other mental models. I contend that this model meets this criterion, at least for practicing managers, mainly because of its broad scope and its integrative power. Narrative truth is “proved upon our pulses”¹¹—it just feels right because it integrates emotion with reason and places them *both* in context.

Few management books deal with the *relationship* between emotion and reason. Typically writings have been about the roles of *either* reason *or* emotion, not about how they interact with each other. If the interaction is discussed at all, the conclusions are often negative, denigrating the role of emotion. Emotion is seen as the opposite of reason, alien to it and detracting from it; it’s almost as if it were a moral weakness or a character deficiency. Indeed, many management scientists and economists seem to have vowed to restrict themselves to the use of reason alone. If they studied horse racing, they would focus on the jockeys and ignore the horses. Perhaps this is why their only motivators are the equivalents of whips and carrots! This book embraces *both* the jockey *and* the horse, reason *and* emotion, and explains their constantly changing relationship to each other.

Asking Better Questions

The concept of ecological rationality has important implications for how we think about organizations and management. For example, it means that *contexts matter* in space and time and that *only you* can fully appreciate the contexts in which you find yourself.¹² *Thus, how you use this book will depend entirely on what context you are in.*

For instance, if you are an expatriate executive working for a Chinese family business in Hong Kong, your world is totally different from that of a divisional manager working for the same kind of business in the United States even though your job descriptions may be identical. The configurations of passion, reason, and power will be quite different from anything you have experienced in your homeland. Even managers at the same levels and performing the same functions in two firms in the same country and industry are likely to be in contexts that are very different from each other.

From an ecological perspective every organization is unique, and only you can decide what must be done in your organization. Thus, I do not give you specific answers to the issues you and your organization face. By the time you have read this book, however, you will know what kinds of questions you and your organization should be asking. You can't have good answers unless you first ask good questions.

A New Mental Model

This book supplies a framework for frameworks, a comprehensive mental model that, like a good filing system, helps you to organize your perspectives, experience, training, and instruction—to learn and to remember. It is also a dynamic tool that helps you *not to predict but to anticipate* what might happen in complex, novel situations that you and perhaps no one else has ever encountered before.¹³

A mental model is a miniature mental system that has the same structure as the situation it represents.¹⁴ We each have hundreds, perhaps thousands, of them built into our DNA by evolution, into our culture by our collective experience, and into our minds by our own experience, training, and instruction. It seems that our minds consist of a vast ecology of special-purpose “apps,” cobbled together by evolution and continually being tinkered with—modified and recombined—to handle new tasks for which they were not originally intended. Unconscious mental models lie at the roots of perception, for we do not see the world as it is but as we *expect it to be*. This allows us to recognize and anticipate patterns (situations and contexts) that we have encountered before and to take fast, effective action based on the information they impart to us.¹⁵

It is well established that the greater the number of different mental models that a task requires and the greater the complexity of the individual models, the poorer the performance is. The management and leadership of human organizations is just such a task, and the field of management thought is a morass of complex mental models—economic, psychological, sociological, mathematical, and anthropological, to name just a few. The different fields themselves are often miniswamps in which scarcely anything is settled. Fifty years ago one leading academic called it a “management theory jungle.”¹⁶ Today the situation is much worse. The field is more like one of those exploding galaxies filmed by the Hubble telescope,

bursting apart as the stars rush away from each other at the speed of light.

In despair, executives tend either to use single models to focus on complex problems that actually demand multiple models or to use experiences drawn from other, different contexts. Whichever path they take, they often end up drawing the wrong conclusions, *making bad decisions by applying the wrong frameworks at the wrong time.*

Hence the need for this book, which *helps organize the multiple models* and suggests when they might be useful, when they might not, and when their employment might cause outright harm to the organization. *The book puts chaos into context.*

The Meaningful Story

One of the most powerful structures for communicating mental models is the narrative or meaningful story. Humankind has used this medium for thousands of years, and its value to our survival as a species has been immense. It is still the primary way in which we make sense of cause and effect in our own lives and the organizations and communities with which we are involved.¹⁷ For we live simultaneously in several worlds where the natures of cause and effect are quite different from each other.

In the everyday world of objects and matter, cause and effect operates on Newtonian principles of force and mass, governed by the laws of physics. In the living, biological world cause and effect is based on the unfolding of inner processes of growth and development and the effects of environment. In the psychological world, cause and effect depend on our perceptions and intentions, memories and feelings, and the ways in which we frame our experiences.

In this latter world we are not cold agents, objects waiting to be “motivated,” but warm, vital actors with our own needs and wants. By allowing us to weave together our experiences in space and time, stories allow the creation of a *narrative center of gravity*¹⁸ that is essential to the formation both of our identity as individuals and of the identities of the organizations to which we belong.

As will become clear, the ecological mental model I present here also turns out to be an essential framework for integrating the worlds in which we live and for understanding the structures of such stories.

Seven Rewards for Reading This Book

Changing a legacy computing system is a scary affair; even rearranging an office filing system can be a challenge; and adopting a new mental model can be still more daunting. However, this is the essence of teaching and learning.¹⁹ It's easiest when you are young and your models are unformed; then the process seems natural. As we age and our experience becomes fixed in the form of habits, learning becomes more difficult. If our habits are strong and have fueled a sense of competence and power, then learning can feel disruptive, threatening, and downright subversive! Changing habits takes a lot of commitment, persistence, and practice. So why should you invest your time and energy in reading this book?

The cause is a worthy one, and the rewards are huge, even life changing perhaps. Here they are:

1. Reading the book will hone your *contextual intelligence*²⁰—the practical wisdom that allows you to understand the types and dimensions of context and how to frame them. For a context is not just a hard, unchangeable thing “out there”; it is also very much a product of how we make sense of the world “in here.” Thus, we can often alter a context by changing how we name and frame a situation, and this book helps you do that.

2. The purpose of understanding contexts and their importance is to enable you, in your roles as both manager and leader, to *design, evoke, and even control* some of them and *anticipate* others so that you can either *counter* or, at the very least, *prepare* for them. The ability to design, evoke, control, anticipate, and counter contexts may be the most powerful skill that you have. You can use it to find and focus the behaviors that produce the results needed by the organization, its stakeholders, and the community and society at large. I call this ability the *architecture of choice*.

3. This book will show you how and why organizations and their internal contexts change. *It turns out that stability and change, far from being opposites, are inextricably bound up with each other. They are complements.* You can't have one without the other. It is our failure to appreciate this subtle relationship that accounts for the fact that we are continually surprised by crises of all kinds and that the world often appears to be more chaotic than it really is. *I will give you a new way of looking at this relationship using an ecological perspective.*

4. You will be able to appreciate both the complexity and simplicity of innovation by understanding not only why organizations grow with such effortless

ease at some stages of their lives but also why, in the longer term, nothing fails like success. You will see how organizations develop from communities of trust, grow through the application of logic, and mature in power. You will comprehend why powerful organizations decline as they age and how their strengths become weaknesses in changing contexts, for the trappings of success and the contexts it creates can inhibit learning, and the resulting decline can be both difficult to sense and intractable to manage.

5. The ecological approach suggests, however, that there is a “sweet spot” in space and time, a “zone” where an organization can dwell for an extended period through a process of continual learning and renewal. The length of this period depends on many factors, but the key issue of concern here is the ability of both leaders and managers to be effective architects of choice, designing contexts with the optimal combinations of passion, reason, and power. When this happens, resources flow to the right places in the system almost without direction.

6. The ecological perspective will help you understand relationships. For we are constantly engaged in assessing the situations we are in, gauging how we feel about them, looking for systems of cause and effect, and trying to understand the power dynamics present. Whenever we deal with people, we are always thinking in contexts of emotion, reason, and power.

7. Finally, *The New Ecology of Leadership* will help you ask better questions and tell more compelling stories. If, as suggested at the beginning of the chapter, this book helps you to find your special management “power,” then the questions you ask and the stories you tell will be about you. The resulting understanding of your aptitudes and passions will, given the right opportunities, guide you for the rest of your life.

The Context for *The New Ecology of Leadership*

The immediate context in which I am writing is a tumultuous one. For the past ten years in particular, capitalism’s gales of creative destruction have been howling strongly, sweeping away the weak, young and old alike, with shocking force. First there was the dot-com bubble, the fast boom that ended on March 10, 2000, and the sharp bust that followed it. Then Enron, named “America’s most innovative company” for six successive years by

Fortune and widely lauded by management pundits, collapsed in scandal, dragging its accountants, the Arthur Andersen firm, with it. This was followed by WorldCom's massive fraud and bankruptcy.

All this proved to be only a prelude to what was to come—the spiraling increases in housing prices fueled by the mindless extensions of subprime mortgages, the sudden collapse of Bear Stearns, and the shocking bankruptcy of Lehman Brothers after 157 years in business. Finally, unbelievably—if it hadn't been coming for so long—the bankruptcy of the legendary General Motors, the company once described as the “heart of America.” The giant corporation, which had just celebrated its centenary, went through the Chapter 11 bankruptcy process in just forty days before it emerged as a new stripped-down organization ready for renewal. Of course, the creative destruction has not been limited to the United States. Much of the world is in the grip of a “great recession,” and around the globe major corporations have disappeared overnight: governments have fallen, and at least one country—Iceland—even managed to bankrupt itself. Others have required extensive financial bailouts.

At the same time, even in the face of all of that destruction there has been furious growth, especially in China, which has become the factory workshop of the world, and in India, which is emerging as a global processor of information. In these two countries in particular, enterprises of all kinds are flourishing in every nook and cranny, creating vast landscapes of factory buildings and office towers and triggering heavy migrations of people from farms to towns. In the West, the rise of the East has resulted in the outsourcing and offshoring of many products and services formerly produced here. This has led to considerable cost savings to consumers but has created significant disruption in our industrial communities and the markets for labor and capital. It has also placed increasing pressure on the ecology of the planet against a background of gathering gloom about weather conditions, agricultural production, food prices, and global warming. Add two grinding conflicts in Iraq and Afghanistan, the ever-present threat of terrorism, and the perennial turmoil in the Middle East, and it's easy to conclude that the global picture is one of unprecedented social, economic, and political complexity.

So much, so familiar—we all follow the news. But what is one to make of these events? Are they unconnected? Are they isolated, random occurrences, or do they have a deeper significance? This book argues that there

are connections and that they point to the workings of a complex system whose dynamics have been hardly recognized, let alone explored. What we are seeing is not unprecedented; we have been there before. Well, not exactly *here*; history doesn't repeat itself, but, as Mark Twain remarked, it does sometimes rhyme. The evolutionary and ecological approach used in the book shows the rhythms and rhymes of history and explains why, to a considerable and largely unacknowledged extent, society and its component organizations advance strategically by accident, economically by windfall, and politically by disaster.

We see evidence of this every day in complex systems, human and non-human, all over the world. Armies are reformed only after defeats, safety regulations are introduced after accidents, building codes are strengthened after earthquakes, and safety shelters are constructed only after the tornadoes have passed. The search for cures begins after disease epidemics; firms change strategies only after significant reversals; and economic and social reforms are enacted in the wake of crashes and uprisings. In the natural world, the recent extreme weather events remind us that ecosystems use destructive forces of all kinds to renew themselves. Some forests use fire; others, wind bursts and insect attacks. Mangrove swamps thrive on hurricanes; rivers must flood. The earth moves.

The Plan of the Book

The New Ecology of Leadership is in five parts, each of which deals with different aspects of the mental model I call the *ecocycle*. (There is a little symbol at the top right of every page, telling you which part of the model is being discussed. They are explained next in the descriptions of each section.) In summary:

1. Part I outlines the central ideas of the book, contrasts *ecologics* with economics and explains the basic concept of scale in space and time. I introduce a mental model based on ecology and expressed graphically as the infinity-shaped ecocycle.
2. Part II covers the "front loop" of the ecocycle. This is the familiar life cycle that tracks an organization from conception through growth and maturity to decline and crisis. The symbol for this part is the S-shaped life cycle.

3. Part III deals with the “back loop” of the ecocycle. This is the less familiar trajectory of an organization moving from crisis to renewal. The symbol for this part is a reversed life cycle.
4. Part IV introduces the concept of the *sweet zone* and the management tools and settings that can help keep organizations there for extended periods of time. Symbols for chapters within this part reflect the different locations within the *sweet zone* being discussed
5. Part V is a summary of the key concepts of the ecological perspective and an outline of a brief field guide to using the ecocycle model. The symbol, like that of part I, is the infinity-shaped ecocycle.

Notes and index appear at the end of the book. Extensive use is made of images and diagrams throughout the book, many of which are themselves highly compressed mental models. The visual materials, together with the short chapters and the notes, make up three layers of increasing detail. The diagrams and images express general themes; the text in the short chapters amplifies those themes, and the notes buttress the arguments and supply further readings.