

Introduction

Culture as Strategy

In an ordinary organization, most people are doing a second job no one is paying them for. In businesses large and small; in government agencies, schools, and hospitals; in for-profits and nonprofits, and in any country in the world, most people are spending time and energy covering up their weaknesses, managing other people's impressions of them, showing themselves to their best advantage, playing politics, hiding their inadequacies, hiding their uncertainties, hiding their limitations. Hiding.

We regard this as the single biggest loss of resources that organizations suffer every day. Is anything more valuable to a company than the way its people spend their energies? The total cost of this waste is simple to state and staggering to contemplate: it prevents organizations, and the people who work in them, from reaching their full potential.

The organizations you will meet in this book, taken together, point the way to a qualitatively new model for *people development*—the single most powerful way we know of, as developmental psychologists, for an organization to unleash the potential of its people.

And with what result? These exemplar organizations, taken as a whole, show us a picture of the following benefits:

- Increases in profitability, improved employee retention, greater speed to promotability, greater frankness in communication, better error detection in operational and strategic design, more effective delegation, and enhanced accountability

- Reductions in cost structures, political maneuvering, interdepartmental strife, employee downtime, and disengagement
- Solutions to seemingly intractable problems, such as: how to convert the familiar team of leaders (each looking out for his own franchise) into the more valuable, but elusive, leadership team; how to anticipate crises no one in the company has experienced previously and to successfully manage through them; how to invent and realize future possibilities no one has experienced previously

In short, this book is as much about realizing organizational potential as it is about realizing human potential. Most of all, this book describes a new model for the way each can contribute to the other—how organizations and their people can become dramatically greater resources to support each other's flourishing.

Now let's return to the ordinary organization where everyone works a second job of hiding imperfections. Consider it from the employer's point of view. Imagine you're paying a full-time wage for part-time work to every employee, every day. Even worse, consider that when people are hiding their weaknesses they have less chance to overcome them, so you must continue to pay the cost of these limitations as well—every day.

Consider the second job from the employee's point of view. What does it cost you to live a double life at work, every day, knowing you're not the person you present yourself to be? As human beings we're set up to protect ourselves—but it is just as true that we're set up to grow psychologically, to evolve, to develop. In fact, research shows that the single biggest cause of work burnout is not work overload, but working too long without experiencing your own personal development. Now consider the drag or cap on personal development we create by hiding our weaknesses rather than having a regular opportunity to overcome them.

In an increasingly volatile, uncertain, complex, and ambiguous world (the so-called VUCA world)—a world of new challenges and opportunities—organizations naturally need to expect *more*, and not less, of themselves and the people who work for them. But our familiar organizational design fails to match that need.

How did we come to this observation about everyone in the ordinary organization doing a second job? Was it by staring hard at the ordinary organization? No. When you're staring very hard at the normal organization, it's hard to see anything but normal.

Normal began to look strange to us only after we stared hard at organizations where no one is doing the second job. Different as the companies in this book are in their look and feel, they share a striking commonality: they are the most powerful settings in the world we have found for developing people's capabilities, precisely because they have created a safe enough and demanding enough culture that everyone comes out of hiding. This is what we call the deliberately developmental organization: the DDO.

An Everyone Culture

We (your lead authors) have devoted our professional lives to the study and advancement of adult-developmental theory, which illuminates the gradual evolution of people's meaning-making systems and psychological capabilities. Developmental practitioners have known for years how to provide expert support to individuals on a one-to-one basis. However, little attention has been given to applying these principles and methods to an entire organization.

From the start of our research team's investigation of the three DDOs at the heart of this book, we were struck by three things. First, all of them are doing what the science of human development recommends, and they are doing so in ingenious and effective ways (even though only one of the organizations explicitly studied the science). They seemed to have an intuitive, practical grasp of how to accelerate people's development.

Second, these organizations are taking these concepts to scale so that everyone in the organization—workers, managers, and leaders alike—has the opportunity to develop. In the pages ahead, not only will you meet three unusual organizations, but you will also learn an explicit theory of human development that will help you better understand how these organizations' cultures impact their members. The theory will help you see under the organizations' practices to the way they help

people uncover, engage, and ultimately transcend the limiting assumptions and defensive routines that prevent us from developing our capabilities beyond our own expectations.

In this way, should you have an interest in fostering, or working in, a deliberately developmental organization, you will have something more to guide you than a set of exemplary practices you may think to copy. You will have a crack-the-code understanding that may enable you to create practices that do not yet even exist.

Finally, all three companies intentionally and continuously nourish a culture that puts business and individual development—and the way each one supports the other—front and center for everyone, every day. Delivered via their homegrown, robust, daily practices, their cultures constitute breakthroughs in the design of people development and business strategy.

A Twenty-First-Century Design for Development

One way to look at this book is to see it as a twenty-first-century answer to the question, “What is the most powerful way to develop the capabilities of people at work?” Executive coaching, high-potential programs, mentoring, corporate universities, off-sites, retreats, and leadership development programs may sound like widely varying approaches, but they actually share enough common (and problematic) features to be seen as a single, twentieth-century answer to the way we might best develop human capabilities.

What are the features common to these approaches? First, they give people punctuated inputs, delivered from time to time rather than continuously. By themselves they may not occur often or intensely enough. Given how daunting the project is to help people grow in fundamental ways, the application of the intervention may be too thin.

Second, they constitute “something extra”—something beyond and outside the normal flow of work, an approach that raises the vexing problems of transfer and cost. Even if these activities support powerful learning in a context outside work, how do you ensure that employees transfer their new knowledge to the stubbornly durable context of

business as usual? And how do you sustain the double costs of external inputs and employees' time away from the job?

Third, these types of programs are provided only for a few, generally for the 5 to 10 percent of employees who are designated "high potentials" (to say nothing of the way such a label indirectly writes off the potential of 90 to 95 percent of your workers).

Finally, and above all, notice that the twentieth-century answer to developing potential, in all cases, makes the individual and not the organization the point of dynamic entry. If the organization wants to significantly impact people's capabilities, it should apparently find something new, outside the organization itself, some additive: give them a coach, a program, a course, a mentor. The organization itself does not change. We might soup up the fuel through these additives, but the engine remains what it has always been.

What is the alternative? Imagine so valuing the importance of developing people's capabilities that you design a culture that itself immersively sweeps every member of the organization into an ongoing developmental journey in the course of working every day.

Imagine making the organization itself—and not separate, extra benefits—the incubator of capability. Imagine hardwiring development into your bottom line so that, along with asking whether your culture is fostering the other elements of business success (such as profitability or the consistent quality of your offering), you ask—demand—that your culture as a whole, visibly and in the regular, daily operations of the company, be a continuous force on behalf of people overcoming their limitations and blind spots and improving their mastery of increasingly challenging work.

Imagine finding yourself in a trustworthy environment, one that tolerates—even prefers—making your weaknesses public so that your colleagues can support you in the process of overcoming them. Imagine recapturing the full-time energies of your employees now joined to the mission of the enterprise.

You're imagining an organization that, through its culture, is an incubator or accelerator of people's growth. In short, you're imagining a deliberately developmental organization.

Being a DDO does not present a choice between focusing on individuals or focusing on the organization as a whole. In a DDO, coaching, leadership programs, and the like do not disappear; instead, they become figures on the ground of a more comprehensively developmental culture. Development is not an additive. Instead, both the fuel and the engine are developmentally enriched.

In this book, we show you the twenty-first-century way to create a robust incubator for people's development.

A Strategic Approach to Culture

The intention of every DDO leader in the pages ahead is crystal clear: he or she is working hard on the culture every day as much to enhance the business as its employees. These leaders do not see two goals or two missions, but one. The relationship between realizing human potential and organizational potential in these companies is a dialectic, not a trade-off. We believe these companies have something provocative to teach about a new route to business success.

You will see not only how a DDO helps its people develop but also how the DDO culture enables it to come up with original and effective means to meet its most vexing challenges—and capitalize on its most promising opportunities. One of these companies, for example, is in an industry with an annual turnover of 40 percent, but this organization figured out a way, year after year, to get that figure into the single digits. Another entered a whole new industry in record time. A third may be the only company to have anticipated the economic crisis of 2008—and manage through it successfully.

The distinctive quality of business challenges in a VUCA world is that they are as often adaptive as technical. Technical challenges are not necessarily easy, but they can be met by improvements to existing mind-sets and organizational designs. Adaptive challenges can only be met by people and organizations exceeding themselves. We believe the DDO may be the single best means for meeting adaptive challenges.

In short, in the pages ahead you'll get a good look at culture as itself a business strategy.

Planning Your Route through This Book

Let's look at what you may want to consider as you choose the best sequence through the book. [Chapter 1](#) drops you immediately into a ground-level experience of a DDO. As we guide you through the three organizations, we're trying to let you swivel your head in all directions to take in as many impressions as possible. The goal is not to be comprehensive or systematic but to let the novelty jump out at you. "Toto, I've a feeling we're not in Kansas anymore."

[Chapters 2](#) and [3](#) give you an aerial view of the deliberately developmental organization, including its conceptual underpinnings and its common features across companies. [Chapter 2](#) drills down into what we mean by *developmental* when we speak of a deliberately developmental organization. [Chapter 3](#) takes you through twelve common features of a DDO, grouped according to their developmental aspirations, practices, and sense of community.

If you're a "part to whole" learner and want to experience the particular look and feel of something before you consider it more generally and conceptually, you'll probably most appreciate the inductive sequence through the first three chapters as we have laid it out. But if you prefer to see the big picture before you look at living instances (as "whole to part" learners do), you may prefer a more deductive sequence, beginning with [chapters 2](#) and [3](#) and then moving to [chapter 1](#).

[Chapter 4](#) is a deep dive into the practices that the exemplar companies have created to support their deliberately developmental cultures. You will understand these practices better after you've read the chapter on developmental theory ([chapter 2](#)), but if you're most interested in an on-the-ground account of life in a DDO, you may want to go directly from [chapter 1](#) to [chapter 4](#) and then to [chapter 5](#).

[Chapter 5](#) addresses the strictly business value of a DDO. "Yes, I see how such an organization may be a fantastic experience for the employee," you might say, "but is this really any way to run a business?" This chapter addresses whether the exemplar businesses succeed *despite* the attention they give to personal development or *because* of it.

[Chapter 6](#) gives you a direct experience of your own growing edge so that you might consider firsthand the kind of personal learning a DDO would collectively encourage and support for you. (If, after finishing [chapter 4](#) on DDO practices, you find yourself wondering about your own blind spot or about the kind of discomfort you would have to manage were you in a DDO, you might want to go directly to [chapter 6](#) and then come back to [chapter 5](#).)

If all the preceding chapters have created in you an interest in moving your workplace—your team, department, or whole enterprise—more in the direction of becoming a DDO, then [chapter 7](#), the final chapter, gives you pictures of the ways we have seen organizations choose to get started.

The Rise of the New Incomes

We live in unprecedented times. Alongside the seismic shifts of the VUCA world are equally significant shifts in what people are looking for when they go to work each day. Gone are the days when payoffs to Economic Man alone—to the material self, to greater agency in the external world—were enough. In those days, conventional incomes—such as paychecks, health benefits, and limits to the hours in a workweek—sufficed.

Now we're seeing the pursuit of *new incomes*: personal satisfaction, meaningfulness, and happiness. These are payoffs to the Psychological Person, to the intangible self, to fulfillment in the interior world. Paychecks, bonuses, and benefits will always matter, of course, but, increasingly, they're not enough for many of us. The rise of the new incomes may represent the biggest shift in the work-reward equation since the emergence of the labor movement in the nineteenth century. That whole countries, and even the United Nations, are now exploring the development of measures like GNH (gross national happiness, a qualitatively different way of measuring success) as well as GNP is evidence of the robustness of the new incomes.

But what is happiness? The definition most in vogue, fueled by the positive psychology movement, is one of happiness as a state, characterized by pleasure; a banishing of pain, suffering, and boredom;

a sense of engagement and meaning through the experience of positive emotions and resilience. This is the dominant version of the new incomes sought and paid in the most widely celebrated “great places to work.” Think of flexible work hours, pool tables and dart boards, dining areas run by chefs serving fabulous and nutritious food at all hours, frequent talks by visiting thought leaders, spaces for naps, unlimited vacation time.

However, the research literature on happiness suggests another definition, one that is overlapping but significantly different. The second definition sees happiness as a process of human flourishing. This definition, whose roots go back to Aristotle and the Greeks’ concept of *eudaemonia*, includes an experience of meaning and engagement but in relation to the satisfactions of experiencing one’s own growth and unfolding, becoming more of the person one was meant to be, bringing more of oneself into the world.

Just as labor pains are a part of bringing new life into the world, the process of human development, of seeing and overcoming one’s previous limitations, can involve pain. Unlike happiness as a state brought on by experiencing only the so-called positive emotions, happiness as a process of development includes the experience of loss, pain, and suffering (rather than standing in contrast to it).

This other kind of happiness may be less fashionable in a world entranced with pleasure, stimulation, and the avoidance of pain, but for anyone who has tasted it, as our DDO informants testify, it is a treasured income of surpassing value. People find themselves experiencing pleasure and aliveness in new, unexplored terrain, with a heightened sense of awareness and presence even as they engage their most difficult moments.

The workplaces we call deliberately developmental organizations are delivering this second kind of new income in settings that expressly attend to the process of human development. Their cultures include everyone in this process—everyone experiencing their own unfolding but, equally important, everyone witnessing, supporting, and at times even provoking this unfolding in others. Although it is occasionally difficult or unsettling for individuals to face old, unproductive patterns or vulnerabilities, people experience an overall sense of shared

excitement and energy, forward movement and growth—of themselves, their colleagues, and the organization.

It is far too soon to settle, in the reorganization of work, for what amounts to experiments confined to a single conception of happiness. As an experiment in new ways to organize work, the workplace built for flourishing stands shoulder to shoulder with the workplace built for well-being. These workplaces may one day marry, or they may not, but they should be mutually supporting, each taking an interest in and cheering for the other as together they lead a common movement to repay, with a new income, the gift of our labor.

The workplace built for well-being has already begun to claim a space in the public imagination. We believe this is only half the mansion. We invite you to take a grand tour of the workplace built for flourishing, the other half of the house of human happiness.

1

Meet the DDOs

You know how there are people, when they realize that vulnerability is important, they kind of walk right toward it? Well, first—that's not me; and, second—I don't even hang out with people like that! . . .

Vulnerability is at the core of shame and fear and our struggle for worthiness, but it appears it is also the birthplace of joy, of creativity, of belonging, of love.

—Brené Brown, University of Houston

In this chapter, you'll get inside three deliberately developmental organizations (DDOs). You'll meet some of the people who call them home—leaders, new recruits, and experienced employees. Some of these people will appear again in later chapters. You won't get a comprehensive, top-down introduction to the companies or to the general idea of the DDO. Instead, you'll get the closest thing, in book form, to a quick immersion: what you might see if you were plunked down in the middle of one of these companies.

Before we enter, a few words of preparation: Are you the rarer kind of person Brené Brown (author and researcher at the University of Houston) describes as valuing the experience of your own vulnerability and running right toward it?¹ If you are, your only risks in the pages ahead are being too sure you understand fully what you're seeing or too quick to suspend your critical faculties and automatically endorse what you think these people are trying to do.

But if you are, like most people, more wary of feeling vulnerable, ashamed, and unworthy—especially at work—you might find yourself feeling alarmed soon after you enter. That might be the case especially if you happen to be a leader in an organization and you feel you don't have the luxury of being vulnerable ("I have people counting on me, people who need me to have it together"). In any case, none of us chooses or decides to be alarmed. It happens automatically. Once alarmed, any of us will, as the neuroscientists have taught us, just as automatically protect ourselves.

If you feel alarmed, you might protect yourself by "fleeing"—perhaps by putting down the book and finding something else to do. But more commonly, you'll flee, while continuing to read, by distancing yourself from what you're reading. Your mind might begin looking for reasons to conclude there is actually nothing novel here: "This sounds a lot like what we're already doing" or "I've heard all this before." Or you might find yourself thinking, "This manner of working is the most exotic of rare flowers, unlikely to grow in any other soil, and thus not really worth thinking any more about, since it would be impossible for most people or organizations."

Or you might protect yourself by "fighting," finding yourself on the attack without a declaration of war. Somehow, before you know it, your mind is doing whatever it can to take apart what is being built in front of you. "These people are crazy," your mind might say. Or, "This is too extreme." Or, "This is too X." Or, "This violates my belief that Y, or my value for Z."

All these reactions are fine. Many of your thoughts that come up in this chapter deserve careful consideration, and we've made space in future chapters to do that. The important thing is for you to realize that when these thoughts arise automatically, you're *not* considering them. You're not even "having" them. Rather, they are having you. They are taking over.

All we ask is that you keep track of these automatic reactions, know that you will explore them in future chapters, and not let them be your whole experience as you try to stay present in the places we invite you to explore.

In a sense, it will be wonderful if you do find yourself having these reactions, because you will begin to experience the first kind of work

everyone must do in a DDO: to take responsibility for the workings of our minds so that we can stay present, so that we can stay at work.

It's also important to say that the exemplar companies are, in many respects, very different from one another. Each does business in a different industry: entertainment and real estate; e-commerce; and hedge-fund investing. There are striking differences in the "feel" and operation of each company. If Bridgewater Associates might be glibly characterized as a cross between business and the Navy SEALs, then The Decurion Corporation might be seen as a cross between business and the wisdom traditions of the East and the West. Next Jump Inc., has a "no firing" policy and an explicit commitment to stand by employees through thick and thin ("You wouldn't fire your children from your family," Charlie Kim, its leader, often says). But Bridgewater is equally explicit in saying, "We are up for *growing* people, not *rehabilitating* them; some people have to go." In thinking about its operations, Bridgewater makes continuous use of the metaphor of the machine, an analogy you would never hear at Decurion. Next Jump is in some ways proudly nonexceptionalist (the two top leaders talk about *not* being the stars growing up in their own families or schools); Bridgewater's leaders believe you become a one-in-ten-thousand company by hiring one-in-ten-thousand-type people.

In short, a DDO can come in many flavors. But even though each DDO may have its own feel, may have taken a different path to its current culture, and may have evolved its principles and practices independently, it's striking how much they have in common. There's no single right way to be a DDO—no simple recipe of programs, policies, incentives, and perks—but there are deep assumptions that run through all the DDOs: assumptions about the possibility and value of growing in adulthood, ways of structuring people's growth directly in their work, ways of helping people get the most out of giving and receiving feedback and coaching, ways of making people development and business development all one thing.

DDO work settings are built for human development. They support people in overcoming their limitations as part of contributing to the profitability of the business. It's just as true that DDOs seek profitability so that they can stay in business to help people overcome their limitations and grow. (Please note, too, that these companies are not

our clients; we formed a research relationship, and not a service relationship, with each of them.)

Finally, it is possible, perhaps inevitable, that at the same time you learn about these DDOs, through your reactions you will also begin learning about some aspects of yourself. This, too, is exactly in keeping with the spirit of a DDO. As Bryan Ungard, COO of Decurion, says, “There is no way, really, to be a spectator here. You become a participant the second you enter. And welcome!”

The Next Jump Story

There is no way to “get better” other than to first do it, however poorly you do. So get started; go out and fail! We have become good at getting better because we are so good at failing.

—Charlie Kim, Next Jump

It is an early Saturday morning in New York, and the Next Jump conference room is packed with twenty-somethings. Most are graduating college seniors, completing their engineering or business degrees from prestigious universities such as MIT, Carnegie Mellon, and Georgia Tech. The young people are chatting nervously. They have been flown in the night before and are dressed up for a full day of demonstrating their thought processes in repeated interviews, presentations, and team challenges.

It’s Super Saturday at Next Jump, an e-commerce tech company, which devotes two Saturdays per year to interviewing, testing, and choosing new employees. Greg Kunkel, senior vice president and cofounder, squeezes to the front of the room to welcome the applicants. Kunkel lets everyone know that of the thousand candidates screened on campus, forty-four have made the cut and accepted the chance to come for interviews. They are about to experience a unique approach to hiring, one that will give them a taste of the Next Jump culture.

“You will learn about yourself today, as well as about Next Jump,” Kunkel says. “Think of today as a nine-hour blind date, one that is long enough for the truth to come out.” Candidates smile nervously and

exchange glances. “It will be a long day, and you will be tired by the end,” Kunkel continues. “But remember, it takes twice as much energy to fake and hide who you really are than it does to just be honest, to just be your real self.”

Kunkel then introduces software engineer Nayan Busa to share a little of his own work experience at Next Jump. Calmly and quietly, Busa begins.

“I have been here since 2010,” he tells the packed room. “When I first started, I lacked confidence. I was insecure. I was scared about how I was portrayed by my peers. This has not been easy to overcome. I had to practice a lot. I realized I lacked confidence in all parts of my life, even when it came to choosing furniture in my home or going to a restaurant.” Busa explains how he has been working on becoming more confident through his job. “I practiced by speaking in front of the company about my growth. I am practicing right now in front of you. When you start improving, it impacts revenue and business. And I still have a long way to go.”

Busa’s tone and content illustrate how Next Jump operates differently from the other companies where candidates are interviewing. “All this growth is for a reason,” he explains. “Our goal is to build a top-ten global technology company. And we want to change the world by changing workplace culture.”

Next Jump generates billions of dollars in annual sales by using a unique distribution channel to employees in their workplaces. Through its PerksAtWork.com platform, Next Jump built a marketplace connecting 30,000 merchants with 70,000,000 employees from 4,000 large businesses (including 700 of the *Fortune* 1,000) and more than 100,000 small businesses. By aggregating the buying power of jobholders, Next Jump offers employee discounts and privileges for all types of products and services.

Busa leads the PerksAtWork e-commerce marketplace, and his position comes with a great deal of responsibility, something he knows is unusual for someone so young (he is twenty-eight) and relatively inexperienced. “I graduated from Cornell in 2009 doing my master’s,” he tells the applicants. “A lot of my friends went into Amazon, Google, Bloomberg, etc. And they’re still doing the same thing they did five years ago. They still do the same code. Yes, their projects might have

expanded. Maybe now a couple of them are leading one or two people. But none of them is in some way running a company. Charlie [Kim, Next Jump CEO and cofounder] relies on us to come up with strategies for the company. And even when we attended the board meeting, I was like, ‘Shit! Which company allows such a young engineer to be sitting in front of the board talking about strategy?’”

Like the two other DDOs, Next Jump challenges employees by moving them into roles for which they’re not yet prepared to succeed and then provides them with steady streams of feedback to help them grow into those roles. In all three companies, if you’re completely able to perform your role, it’s no longer the right role for you; it has no “stretch” left. Once, at a retreat for MV21, Next Jump’s twenty-one-person, peer-chosen leadership team, Busa told a long and rambling story to the other leaders; then he heard the feedback that he needed to improve his storytelling and presentation skills. Since then, he has looked for any chance to develop this skill, pushing himself to present regularly in front of the company, asking for and learning from the feedback he receives.

This occasion—speaking to the forty-four applicants on Super Saturday—is no different. At the end of the remarks, as the candidates file out to prepare for their first interviews, Busa receives lengthy, detailed feedback from, among others, CEO Kim. “I could feel your angst,” Kim tells him. “You were too focused on yourself. Focus more on them.” Another listener reminds Busa of material he omitted.

Busa remains calm, nodding, agreeing, and finally thanking them for their help—a common response to receiving tough feedback at Next Jump. Busa sees these opportunities to practice and receive feedback as opportunities to learn. “It’s basically an ‘investment in loss,’” he says in an interview. The phrase is a touchstone at Next Jump, borrowed from performance coach Josh Waitzkin. When we take risks and experience “loss” or failure, says Waitzkin, we create the conditions for learning and enhance our flexibility. Winning, in this sense, is less valuable than what we learn by losing in the pursuit of excellence.²

But Busa didn’t always feel this way. When he first started working at Next Jump, he thought that all the talk of self-improvement and helping each other by giving feedback was only talk. The turning point came when he began to see that feedback was a way people were showing

him they cared for him. Then, he says, he began “accepting that I can do more and that I have weaknesses. The day I accepted that—that was a turning point for me at Next Jump.”

The Hiring Process at Next Jump: Super Saturday

Next Jump began recruiting engineers at colleges in 2006, alongside technology heavyweights such as Google, Facebook, and Microsoft, companies with far greater resources to invest in college recruiting. “We recruited for similar characteristics that others do—for who was the smartest, the most driven,” explains Kim. “We looked for the most competitive and driven people. We ended up hiring what we later called ‘brilliant jerks.’”

The workforce the company built had too many solo players, people with raw smarts and plenty of arrogance. Next Jump leaders faced a choice. Would they continue to hire the brilliant jerks, whom they would probably lose to poaching anyway? Or would they make a bigger bet on a different kind of workplace culture—and on selecting a different kind of employee? “One day in 2008,” Kim recalls, “we fired literally half of our engineering staff.”

The company’s founders had made a brazen choice. Super Saturday was born soon thereafter.

Throughout the day on Super Saturday, seventy-five Next Jumpers walk around with a custom app on their mobile devices for gathering impressions and ratings about the applicants. Team members try to be as inconspicuous as possible as they record green lights and red flags, thumbs-up and thumbs-down ratings. Even in informal settings, the Next Jumpers gather data about how well applicants listen or whether they seem blatantly rude or self-absorbed. The evaluators continuously send comments as well as quick candidate ratings.

As the day goes on, a composite picture of each candidate comes into focus. In the Super Saturday War Room set aside for synthesizing the incoming data, the recruiting team gets a clear sense of how the applicants stack up on the qualities that matter most.

- Everyone at Super Saturday looks technically strong based on the earlier rounds of recruitment screening. But do they have the hard skills in real-life settings?
- Are they humble? Are they willing to learn from others in order to grow?
- Do they have grit—the persistence to see themselves through challenging times and setbacks rather than give up?
- Are they takers? Are they in it only for themselves, or do they have the ability to be givers (helping others grow)?

Next Jump leaders say they're looking to understand each applicant's character. As with all companies, the leaders are certainly looking for the right fit between the applicant and the company's culture and purpose. But like other DDOs, Next Jump is also looking for something more: the kind of person who will grow in an environment of constant practice, failing, and feedback.

When officials have made their selection, based on analyzing and debating the results collected on Super Saturday, the recruiting team will offer jobs only to those candidates who gained unanimous thumbs-up ratings, perhaps one-tenth to one-third of the candidates. As the new Next Jumpers come on board, they will be given their interview profile data from Super Saturday. On their first day of work, they're provided with concrete feedback about areas in which they can begin improving right away.

Congratulations! Welcome to Boot Camp

The onboarding process gives new employees an intense introduction to Next Jump's culture. Because the culture differs markedly from that of other organizations, Next Jump has found that helping people adapt as soon as they enter is the easiest time to accelerate their growth.

For their first three weeks, all new employees—including those who come with years of experience and success and are moving into senior leadership positions—attend Personal Leadership Boot Camp (PLBC for short). The program starts with participants learning to identify their character weaknesses—what Next Jump calls their “backhands.” The

metaphor comes from tennis: everyone has strengths (our forehand), but to be a great tennis player, you must also work on your backhand, the areas where you feel less comfortable, less natural, less skillful.

After trying to identify people's backhands by using long lists of psychological and character traits, the company found that most people's deeper limitations circled back to struggling with being overly confident (for shorthand, the company refers to this, without deprecation, as "arrogant") or being overly humble ("insecure"). At Next Jump, overcoming an "imbalance of character" in either direction is something everyone is assumed to be working on, from the cofounders to the newest engineer.

Everyone knows everyone else's backhand, or, if they don't, it is commonplace to inquire. Working on your backhand might mean, for someone who is on the arrogant side, trying to wait until the forty-five-minute mark to make a first comment in an hour long meeting. In contrast, someone on the insecure side, in that same meeting, might work on offering a contribution in the first fifteen minutes. Either move represents working on one's backhand—practicing to overcome a deep-seated mind-set.

In the boot camp, participants spend the three weeks in customer service—the bread-and-butter work of maintaining relationships with individual customers. Inquiries managed by the customer service team can include everything from security and log-in issues to ordering to almost any question a customer might have for an e-commerce company.

New Next Jumpers are given daily targets for customer engagement. They are expected to take risks, to reflect on what they're learning, and to practice their backhands. They're also expected to engage in a "plus-1 project": they identify a way to contribute to improving the customer service process. This personal project becomes a key practice ground that lets new workers exercise leadership in a team setting. Boot campers receive regular feedback from others (peers and managers) to help them identify weaknesses and build their leadership effectiveness.

At the end of the three-week boot camp, each employee shares her learning and experience in front of colleagues and a senior leadership committee, describing the powerful, if often painful, learning of the past

weeks. The committee, based on the feedback from peers, coaches, and leaders, decides whether the employee will graduate from boot camp. If you're voted a graduate, you receive a custom Next Jump team jacket embroidered with your name. Then your journey in the company takes its next steps.

If you don't graduate, it's likely because the evidence from your stint in boot camp suggests you haven't been engaging fully and authentically. Most often, those who don't graduate are judged to be faking it or not demonstrating that they're striving to learn about themselves. They fail to have a "face the truth" moment, as Greg Kunkel explains. If the consensus is that you have only been going through the motions, you can accept an offer of \$5,000 to leave the company, or you can return to boot camp until you graduate.

After facing their inadequacies and experimenting with new ways of working, Next Jumpers return to their primary job with a practice plan for working on their backhands. Everyone leaving boot camp develops such a plan, highlighting targeted situations to actively practice. They're given peer mentors, who coach them, hold them accountable, and help them stick to the practice plan. And if they fail, after all this support, to keep working on their backhand? If they choose to continue, they can look forward to a new round of boot camp.

Better Me + Better You = Better Us

Next Jump sums up the belief system behind its culture with an equation:

$$\text{Better Me} + \text{Better You} = \text{Better Us}$$

Better Me signals the importance of constant improvement. You've seen it in action in the boot camp experience. Next Jump expects its employees to face their limitations directly and practice to overcome them. When you visit the company's headquarters, it's clear that the consistent work on self-improvement extends to supporting healthy lifestyles, in addition to transcending the mind-set you bring to the office. With nutritious free snacks and meals, as well as an on-premises gym and trainers, employees are expected to make a habit of good health.

Better You is about the meaning people derive from work through helping others, inside and outside the company. Next Jump's leaders are struck by the research suggesting human beings are wired to serve others. When jobs are not meaningful, employees are more likely to volunteer outside work to derive that sense of purpose. The Next Jump response? Build service to others, and the resulting meaningfulness people derive from it, into the job. "Bake it into the culture," says Kim.

As part of their work, Next Jumpers lead and participate in dozens of giving-back initiatives. For example, they can donate their expertise through a range of programs. Engineers can code for a cause, offering up to two weeks a year to help nonprofits in need. But cultural initiatives that lead to a *Better You* also serve the company's own employees. They give everyone at Next Jump opportunities to practice leadership in settings that give employees more room to fail and learn with less risk to profitability.

Better Us is the payoff for a company, the community, and ultimately the world, built around both *Better Me* and *Better You*; it's the outcome for everyone in the company of being more fulfilled and better off in a deeper sense. At Next Jump, the organizing belief behind these programs is that when we feel our own growth and when we engage in activities that also help others (including helping our colleagues grow), we can experience true wealth in the form of long-term, sustained happiness. This form of wealth cannot be obtained from a paycheck.

To be sure, Next Jump pays its employees well, but the outcome of sustained happiness, executives insist, can come only from a culture that makes work meaningful. To that end, in the salary review process, contributions to revenue are weighed at 50 percent and contributions to culture at 50 percent.

Next Jump leaders also note that you don't have to be a charitable or nonprofit organization to give people opportunities for meaningful work. The company's culture initiatives create opportunities as well as recognition for helping others. Programs range from a team that serves breakfast to Next Jump colleagues, to creating internal engineer skill-development newsletters, to hosting a Vendor Appreciation Day. In addition to giving meaning to work, cultural initiatives provide a place for workers to practice self-improvement and program leadership and

even to fail big in circumstances where failure is less risky than it would be on the revenue-generating side of the corporate perks business.

FLO: Growing Leaders

To accelerate people's growth, Next Jump has a system of clearly defined roles in the leadership teams that implement cultural initiatives. They call this model the *follower-leader organization* (FLO).

FLO involves four key roles: captain, coach, right hand, and left hand. Heading up a culture initiative is the role of the *captain*. At the heart of FLO's design is the role of the *coach*, which is filled by the person who most recently captained the same initiative. Her job, above all else, is to coach the captain in leadership and provide feedback that will help the captain develop his backhand.

The *right hand* is the team member who works closely with the captain, knowing that she will someday soon take over as the next captain as the roles rotate. Finally, the *left hand* is another team member who can contribute to the success of the initiative and is next in line to succeed the right hand.

Meghan Messenger, a Next Jump cofounder, identifies what is unique about the FLO model: the coach role. "You're sacrificing your number one player and moving them from the *doing* to *coaching*," Messenger explains. After all, the new coach has only just learned how to lead the initiative. Wouldn't things go better if you let captains keep running a program, to get the benefit of all their experience just when they're getting good at the role?

This seeming sacrifice of expertise makes sense when you recognize that the main purpose of FLO is not to help people learn the ins and outs of leading a specific initiative or program. Instead, each project is a practice ground for working on your blind spots as a leader. Initiatives come and go, in a constant process of experimenting with new ways to strengthen the culture. For example, rather than develop captains to handle Super Saturdays—people who would then get better and better at leading Super Saturdays—FLO is about developing everyone's capabilities of captaining and coaching generally.

“The work goes more slowly at first” when there’s a new captain of an initiative, Messenger acknowledges. But the trade-off is another “investment in loss.” Coaches, before rotating off an initiative entirely, develop another captain into a coach and must leave the program itself better off than when they started. Messenger has seen FLO produce consistent results over time, noting, “In the long run, we have a stronger organization with deeper bench strength.”

Jackie’s Journey

Jackie knows the backhand she is working on at Next Jump. But that wasn’t always the case.

A ten-year veteran of the company, Jackie had risen to be leader of the marketing group. Competitive and focused, she excelled in situations when she could contribute individually, such as landing a big sale. She was especially successful working with merchant partners for the company’s corporate perks program and had built a solid track record of accomplishment in sales.

But several months before we first met her, Jackie had been shocked to learn that she had been voted off MV21, the company’s leadership group. The group’s members are not selected by executives but rather are elected by peers, and people are voted off when they either fail to get enough votes or are nominated for removal by their peers. Sitting at the MV21 table is an honor that reflects the perception across the company that a Next Jumper can be counted on to help others succeed. The company’s senior leaders talk about valuing “linebackers over quarterbacks”—rewarding those who help others win rather than the star players identified as formal leaders. Jackie may have been a star negotiator of deals, but increasingly she was seen as someone who didn’t do enough to support others.

Hearing that she was voted off MV21 was “a crushing blow,” Jackie says. But feedback from others about her patterns of work had been accumulating. She was seen by her peers as working entirely for herself. She wasn’t someone you could count on to reach out and offer help. She would answer questions or respond, but she didn’t make time to give to others.

At first, Jackie tried to make sense of her rejection by her peers in ways that kept the focus off herself. She initially resisted introspection, deflecting the impact of the vote by thinking, “Oh, those newbies on MV21? They’ll fail. I’ll probably be back in three, six, ten months, tops.” But soon she saw that the new MV21 group was thriving without her.

It took a lot of reflection, coaching by company executives and peers, and the practice ground provided by working on several culture initiatives for Jackie to see the limitations of her own deep-seated mind-set. Jackie had heard others tell her what her backhand was—not helping others—but they “were others’ words, not mine.” One source of support was her boss, David. The two of them opened up to each other about their weaknesses, giving Jackie another context at Next Jump to question her patterns of behavior. Jackie began to describe her backhand in her own words rather than others’ terms.

What is the thing that is more meaningful, that is actually painful to say, that is embarrassing to say? I think that’s when you really get to your true backhand. And for me, it was that I put my own success before anyone else’s. I tend not to want to help others. I want to see myself move forward, and I am not so generous always with sharing things that may help other people.

At an event called 10X—an all-staff meeting for presenting and getting live feedback on one’s contributions to the company (which you will learn more about in [chapter 4](#))—Jackie shared with all of Next Jump her realization about what she was focusing on in her work of self-improvement.

I realized I needed to face the truth. I am selfish, and I put my success above everyone else’s. In fact, I spent the last ten years trying to get to the top. When I looked at the reality, I saw I left hundreds of Next Jumpers behind in my quest to get to the top.

Now that I’m becoming more self-aware, I’m doing deliberate practice—practice to become a steward leader.

There is a driving force for me. There is a fear instilled in me. It’s about my two children [her voice breaks here, and she takes a moment to compose herself]. My biggest fear in life is that they are

going to develop the same backhand that I have—that they are going to help themselves before they help other people.

I need to help develop others because I know it is integral to my own growth. The old Jackie would have just said, “Get back on MV21 as soon as possible.”

After making this presentation to the company, Jackie started putting herself into more situations where she could practice helping others be successful. She started small at first, coaching others once a month. “Even that was painful for me at first,” she admits. Pretty soon, she was doing it weekly for offices and people outside her immediate group, such as the London office—peers she wouldn’t have made time for before.

After a while, as Jackie increased her coaching to all-day sessions on Mondays, her peers started to see her taking risks and extending herself regularly for her colleagues and for the good of the company. Jackie says, “People saw where I was spending my time. And still getting my job done, which I didn’t think was possible. I really thought that if I spent too much time with other people, I wouldn’t be successful.” Less than a year later, members of MV21 voted her back onto the group, something she had thought could never happen. She is confident she knows why: it is because she is starting to demonstrate a qualitatively different kind of success. Not only is she spending time developing others, but also she and other Next Jumpers can see the benefits to people across the company that are flowing from her new way of working.

Jackie’s story is one of many similar ones at Next Jump. Running through each is a common thread. People are working on themselves at work as part of improving the company. Jackie sums up the reasons she is growing because of the company and believes that others are as well.

Some days are better than others, but I think that’s what is so great. And this may sound cliché, too, but Next Jump really does give you this platform to constantly practice. And if I have bad days, then the next day can be a good day. I don’t really have to have that fear of failure.

Decurion: Creating Places for People to Flourish

Feast on your imperfections, or starve on your ego.

—Bryan Ungard, Decurion

It's early in the morning on the top floor of the ArcLight Hollywood cinema multiplex. Colleagues are milling around the main conference room, laughing, talking about the 101 Freeway traffic, and pouring coffee and grabbing a muffin before the meeting gets under way. Nora Dashwood, chief operating officer, is bringing together key leaders from the home office with the general managers of each of the locations. The occasion is a regular meeting known as the theater work group.

If you watch television coverage of the entertainment industry, you may have seen ArcLight Hollywood as the backdrop for a star-studded event. The flagship location—which anchors a shopping complex near the corner of Sunset Boulevard and Vine Street in the heart of historic Hollywood—is owned by the real estate arm of its parent company, The Decurion Corporation. The multiplex, with its soaring glass lobby, is fronted by an entrance plaza large enough to accommodate red carpets for a film premiere or welcome lines of sneak-peek fans for major preview screenings. Hollywood is an industry town, and ArcLight is known as Hollywood's favorite place to enjoy a movie.

Joining the Community: The Theater Work Group

There is no meeting table this morning for the twenty or so theater work group attendees. Instead, the chairs are arranged to form a large circle so that everyone can see all the faces. As you will see, creating the conditions for people to feel joined together in a community as they work is the foundation of every meeting at Decurion.

Around the room, posters remind employees of the beliefs and values of the company. Decurion calls these its “axioms”—statements of the company's “fundamental beliefs about people and work.”

1. We believe that *work is meaningful*, that work gives meaning to people's lives. For us, meaning comes from three things: developing oneself, creating something excellent and enduring, and contributing to other people.
2. We believe that *people are not only means but also ends in themselves*. Most businesses view people (employees, customers, suppliers, and others) as a means to some end, such as completing a transaction or meeting a goal. We feel that reducing people to a role in a process dehumanizes them. While honoring the roles they play, we approach people as fellow human beings, as ends in themselves.
3. We believe that *individuals and communities naturally develop*. Much of the literature on development ends with the teenage years. But we know that adults continue to develop. Our structures and practices create conditions that pull people into greater levels of complexity and wholeness.
4. And while we did not begin with this belief, our experience has shown us that *pursuing profitability and human growth emerges as one thing*. They are part of a single whole, not two things to be traded off or two elements of a "double bottom line." We capture this axiom by saying that nothing extra is required.

These axioms offer a common language and touchstone for the company's bedrock principles. No member of the company (and *member* is the preferred term for an employee here) is required to believe that these axioms are true. But each member, and especially each manager, is expected to act in accordance with the axioms as part of his job responsibilities.

In the discussion this morning, these beliefs will be put into service. Dashwood knows that the theater work group must join in a challenging conversation. As people take their seats, the room grows quiet. Around the circle, people look comfortable. No one is peeking at mobile devices or laptops. Some are visibly relaxed, settling into a moment of silent reflection, and making a transition from the bubbly chat over coffee a moment before.

Dashwood brings everyone together by inviting them to *check in*. At Decurion, most meetings begin with a practice of checking in that can

take up to an hour with a group this large.

What goes on during a check-in? First, when people choose to speak (all speaking is voluntary), they often begin by saying their name (“Hi, I am Carlos”), even though it would be rare for anyone not to know the name of another team member. They do it to remind themselves, and their teammates, that they seek to stand fully in whatever they’re about to say, that it comes from their person and not their role.

They then say whatever they need to, to bring themselves fully, as whole people, into the work space. They may share an internal state, such as feeling excited or nervous, or they may report where they are on an interior goal—for example, how they see this meeting as a chance to engage their efforts to listen better to others’ competing ideas. Or they might let the group in on something that is happening at home that is inevitably part of how they are “showing up at work” that day—that the celebration of a daughter’s first Communion is coming up or that visiting family members are wearing out their welcome. COO Bryan Ungard explains the practice: “It’s about what the individual needs to do to be fully present—it can’t be scripted. As soon as you script it, you drive the meaning out. Our full humanity is required, and to have that, you need authentic engagement.”

Check-ins are part of honoring Decurion’s axioms. If people are to be treated as more than a means to an end and are worthy of unconditional regard as developing adults, then check-ins present constantly threaded opportunities to bring that humanity—and each member’s interior life—to the foreground. The culture as a whole places inner experience in bounds rather than out-of-bounds in the life of the workplace. Decurion exposes and overturns the assumption that work is public and the personal is private, and so the personal should not be part of work. In the same way, Decurion rejects the idea of work-life balance as a simple goal or mantra. After all, if your life is everything *outside* the workplace, then that leaves a bleak notion of what work is—something that we’re forced to trade off against joyful living.

Everyone who has ever worked anywhere knows that work is intensely personal, with daily opportunities to experience pain, exhilaration, self-doubt, and meaning. We all bring our whole selves to work every day: “Wherever you go, there you are.” In a DDO such as

Decurion, practices like check-ins openly welcome the whole person into work every day.

And at the end of any meeting, there is a check-out as well. Checking out is routinely briefer but an important ritual. As they check out—again speaking as they are moved to speak—members share personal reflections or feelings that allow them to end well. Whether it's an expression of excitement about the work ahead, a sense of having broken through on something challenging, or even a need for greater support from others, check-out brings closure through another moment of focusing on people's individual presence and humanity. By building checking in and checking out into every meeting, Decurion members ensure that focusing on individual mind-sets and growth becomes a habit. More than that, the habit is part of creating and maintaining a sense of strong community.

In the meeting that day in Hollywood, as people connect to one another and the conversation moves forward, Dashwood continues to create the conditions for authentic and productive dialogue. Decurion members call this “setting the field,” borrowing a term from Joseph Jaworski, Kaz Gozdz, and Peter Senge that has deeply influenced the company.³ This practice, which is also a part of most meetings, involves taking the time to help people see how the present business challenge is connected with their individual sense of meaning about the work and with the collective power of the group to do the work as a community.

Dashwood speaks with authority but in a spirit of invitation. Her engagement appears total, and she calls people to lean in together for the work ahead.

This morning we are going to be practicing with one another. We've got a real-life work situation, and we need to work through it as a community. And I think we can use this to keep developing the level of competency we need as a business to meet our top-line goals for the coming year.

This really ties to what we were talking about at the most recent DBL [Decurion business leadership, a companywide meeting]. These are the requirements that we have as a company—that the business is flourishing, that we are getting superior results, that we

are doing the adaptive things we need to do, that our guests in the theaters are having their lives changed for the better through the quality of the experience they have. We are developing an offering with a distinctive impact in the market—and if it disappeared, you just couldn't get it anywhere else.

As we do this, we are working to be more autonomous, experiencing our own well-being, advancing personally and professionally, and moving toward what we each want out of our own lives. So, we've got an important business initiative, our customer loyalty program. It's key to unlocking three million dollars in additional revenue we need moving into the next year. But we don't seem to be having a singular conversation at the leadership level and as a community about how that work is going.

Dashwood's work of setting the field for this conversation is designed to create a space for several things to emerge. There is no doubt on the part of the theater work group members that their COO is calling them together to work as a community. But how does that experience at Decurion differ from merely having a clear agenda, or reaffirming the goals of a meeting?

In this case, members of IT and marketing, as well as theater-operations leaders in the division, are working to retire the existing membership loyalty program and develop a new offering, including revitalizing all aspects of the customer loyalty experience. But communication in the organization has ruptured, and it needs to be addressed collectively. Status updates from all sides, a dressing-down, a directed solution—these wouldn't help meet the developmental goals that Dashwood has just invited everyone in the room to hold on to together.

In the Fishbowl

Instead, Dashwood is doing something that's common at Decurion. Rather than jump to solve the problem, the group members will try to let the problem solve them, exposing issues and patterns of thinking that go much deeper than the immediate circumstances. Dashwood invites Bob, a senior leader on the operations side, to facilitate a "fishbowl"

conversation, and she asks several individuals (whom she has asked in advance to participate) to step forward. These four people—those most directly implicated in the pattern of conflict and misunderstanding in the work-group circle—pull their chairs into a small, tight circle-within-a-circle at the center of the room. This small group includes the head of the loyalty program from the marketing side, the technology lead, one of the general managers from theater operations, and Bob.

Their colleagues remain seated in the outer circle, bearing witness and participating by their active listening and presence and, if required, joining in the inner-circle dialogue spontaneously. Whether sitting inside or outside the fishbowl, everyone is expected to get better at spotting and fully stepping into opportunities for overcoming limiting behaviors and the underlying mind-sets that generate them.

Bob begins the fishbowl by reminding everyone of the shared norms for these conversations. They are a learning community, and he spotlights several ground rules to create healthy dialogue, including speaking from your own experience and not leaping to inferences about what others believe. He frames this dialogue as a discussion of whether people are aligned: “I’m concerned. I can’t tell whether this initiative is on track or not. There are conflicting reports, depending on who I talk to.”

Bob focuses everyone on uncovering data—not quantitative metrics, but the kind of evidence from multiple perspectives that will help the group sort out what is going on and why: “How can we know whether we are on track through looking at the data? A place we can start is to ask what we think is working well and what’s not working well, both in and outside of the circle. Let’s start by surfacing what’s true for each of us.”

As the conversation develops, Bob leans in close, and the four people in the fishbowl seem to be trying to focus on each other’s eyes. Those in the outer circle seem to feel the intensity and vulnerability of those in the fishbowl. This is not a shark tank but rather a respectful and brave space. For everyone in the room, there is nowhere else in the world right now but here.

The fishbowl brings to the surface a range of complicated feelings and candid insights. The marketing manager shares her view that the design and development process of the loyalty program has left her

feeling isolated. “For months,” she says, “I felt like I was being tested, pointed at, like I was sent off to a desert island, and I didn’t feel like I had any support of a community in this. When I tried to raise issues, I felt like I didn’t make a lot of headway.” But she also acknowledges her own part in the dynamic—that she herself didn’t do an effective job of communicating clearly what was going on for her. “I should have stood my ground,” she says.

The theater general manager admits that his interactions with the technology lead feel “off.” He says that their phone conversations are rushed, and they’re not getting to the point where he is able to provide his ground-level, operational input to enhance the theater guest’s journey through the loyalty program. He, too, acknowledges his own role and needs in the situation. Working directly with major vendors, he says, is new for him. He feels he needs to ask questions, and he needs his questions to be heard. He also needs to feel joined in a common effort, and he realizes how frustrated he becomes when he is not experiencing that kind of alignment.

The technology lead, for his part, shares his sense of pressing urgency to get the technical work done. He’s trying to navigate the tension between meeting his responsibilities and keeping the theater manager closely involved. In talking about the quality of their phone conversations, the technology lead has his own take. “I’m stuck. Do we push ‘reset’ on the project to bring you in, or do we help you come up alongside us where we already are?” He concedes that he has more to do to build trust. He wants to better understand whether he’s not structuring their check-in calls appropriately or if he’s not listening to others well, despite having the right work structure and routines.

Dashwood has been a silent listener as the dialogue unfolds, taking her place among the other work group members in the outer circle. Now she stands and pulls her chair into the heart of the circle. “I felt the need to join,” she says. “I’ve been trying not to be a bull in a china shop here,” she adds, laughing as she acknowledges how hard it was to listen to the fishbowl without intervening. As you become better acquainted with Dashwood’s inner work in [chapter 6](#), one piece of her personal “curriculum” as a leader is knowing when to exert authority and when to release control and responsibility to others.

Now she is coming to a conclusion. “I’m hearing that we have not structured ourselves effectively to make the best loyalty program. Was anyone pulling the alarm bell here and saying, ‘We’ve got a problem?’” She continues, before the conversation closes, to ensure that everyone agrees that additional customer testing of the online experience needs to happen immediately.

As the fishbowl discussion comes to an end, a marketing manager calls on her colleagues to look more deeply at what has been going on in this fishbowl: “We sometimes think we should keep our heads down and think we are working with intention, but that can be disruptive for the business. This discussion felt like it was doing the right thing for the business. The loyalty program is a huge developmental opportunity for me and for the whole group. But there is something for us to take away about involving the right parties in the right way *from the start*.”

Another theater manager closes the conversation with a similar reflection: “I felt leadership here. We were dealing with a difficult issue, but we need to do that in order to take the next step that the business needs.”

Decurion’s Approach to Business

Decurion has come to operate in this way more fully only in the past decade, under the leadership of its current president, Christopher Forman. The company is a relative rarity in the business world: a family-owned business that has made a successful transition to a third generation of leadership and growth. Based in Los Angeles, Decurion employs about eleven hundred members and is the parent company of a set of subsidiary businesses that span several industries: movie exhibition, real estate, and senior living.

The movie exhibition business provided the seed corn. Pacific Theatres, founded in 1946 and for decades the name of the company, was a major regional exhibitor on the West Coast and in Hawaii, even recognized with a technical Academy Award (an “Oscar”) for its pioneering practices. The company was a leading owner-developer of drive-in movie theaters as well as cineplexes. As the business for drive-in movies declined and the company invested in growing its walk-in

theaters, it held on to enviable real estate assets: large former drive-in parcels in the heart of California's metropolitan landscape, the Pacific Northwest, and Hawaii. These properties allowed Decurion's Robertson Properties Group to grow. In 2011, *Retail Traffic* magazine named it one of the one hundred largest shopping center owners in the United States.

ArcLight Cinemas, launched in 2002 as a new subsidiary, was founded to provide a structure for rethinking the quality and experience of going to the movies. The guest's experience from start to finish is central in every way—from the quality of personal engagement in guest service, to reserved seating for every show, to the concessions, bar, and restaurant offerings. ArcLight's success was not immediate, but Forman and his senior team (including Dashwood) stuck by the concept to see it take off. Revenues grew by 72 percent, to \$81 million, from 2009 to 2013. Pacific and ArcLight combined now have the highest gross per screen in North America, and in 2012 *Forbes* magazine named the ArcLight Hollywood location one of the ten best movie theaters in the country.

Forman describes those early days of creating ArcLight as similar to the origins of Saturn Corporation, which was protected from the culture of General Motors. In ArcLight, Forman was attempting to create a place to practice a new way of doing business, distant from the gravitational drag of the Pacific Theatres group. The way of doing business in the family company in 1989, when he took an increased role in its leadership, lacked the compass it needed, Forman explains.

I returned to the company from business school with shiny new tools, things like budgeting (which the company had never done), strategic planning, and statistical analysis. With much enthusiasm, I deployed them, and then with equal disappointment, I saw them rejected. The people at the company just didn't see the point. And there were really two aspects to that. They didn't see that these tools would necessarily help us be more profitable. And they also pointed to a lack of context. *Why* should we do these things? What's the bigger picture that these fit into? The second question was really the more important one.

Over time, I came to formulate my purpose as providing contexts for people to flourish . . . And it is the animating purpose of

Decurion. I love movies like *Brazil* and *The Hudsucker Proxy*, because they capture and warn us of the dehumanizing reality in too many businesses. Decurion is a place of wholeness, of connection, of excellence, and of meaning . . . but that didn't happen overnight. [In those days], the values were present at the company, but I wasn't happy with the ways we were expressing them. Caring about people showed up as paternalism. I saw a lot of loyalty to my family and to people, rather than loyalty to principles. And so, I thought, I'm not comfortable with that. It has to change.

COO Ungard echoes Forman in describing the change that took place. Caring for people would no longer be about loyalty between company and employees, about protecting people. Rather, Decurion's purpose—its reason for existence and its deepest "why?"—is to create places for people to flourish. But flourishing isn't about having fun or keeping people sheltered from threat, challenge, or risk to the self. Ungard explains.

People entering Decurion have an idea about what it's going to be like, but three or four months later everyone thinks, "It's not what I thought it would be."

When people hear "flourishing," they think of appreciation and good feelings. But growth and development does not always equal "feeling good." Our culture is not about maximizing the minutes you feel good at work. We don't define flourishing by sitting-around-the-campfire moments. We ask people to do seemingly impossible things.

We've learned, also, when we are onboarding people to our culture, we have to manage their expectations. We say, "It will be hard, but it will be rewarding. You won't get it right away. And you won't be given any time to sit on the sidelines and just observe. You will be part of our practice from the start, asked to jump in right away, even when you are thinking, 'But I don't know anything yet!'" No one is an observer. You must include yourself. Building community means inclusion—new entrants are welcomed, affirmed.

Working life at Decurion is organized around this idea of community. There still is a hierarchy; this is a profit-making, privately held business,

and not a cooperative. There must be accountability in individual roles for decisions that affect the business.

That said, what's different at Decurion? Members of the company participate in communal governance structures such as the theater work group because they provide a setting for deep personal learning and improved business decisions for the company. These structures are not only a necessary support for individual growth but also a form of collective wisdom. The groups share responsibility for the success of the business, even if individual business leaders hold accountability. Communities have a say; they're expected to help seize opportunities and spot problems at their source.

The collective wisdom in a community, Decurion executives say, also grows and develops over time. People still report to one another, people are let go, and people are overruled on decisions, but the structure of a learning community like the theater work group pushes every member to "hold the whole of the business" and to be "businesspeople first," looking at the wider success of the company, rather than being trapped myopically in a particular role or function.

Ungard underscores the power of community at Decurion, and he cautions that outsiders may be tempted to reduce this idea to the familiar concepts of "team" or "committee." That would miss something.

When authentic community forms in groups, learning happens: a collective intelligence. A learning community is such a different animal than a "committee." It's greater than the sum of its parts and can handle far greater complexity than a group of brilliant individuals. Something magical and important happens in a learning community that we use as a foundational element everywhere in the company. Community has a method. There is a way of building it. It has particular phases it goes through, and there are ways of practicing it—principles, practices, guidelines of a learning community . . . We use community to be simultaneously communal and hierarchical.

This emphasis on learning communities enables another feature of Decurion's culture. Because people are joined together in common responsibility for running the business, it's possible for people to be

more detached from titles and roles. When you attend meetings, you generally don't hear references to titles. It's not that roles and titles don't exist but that Decurion's strong ethos pulls against attachment to one's expert role, particularly in the context of learning communities.

A saying at Decurion is that you should always be "giving your job away." Rather than stand on the authority of expertise or title, everyone should try to share hard-earned wisdom. It's an alternative to the view that an individual's knowledge is power and that one should take advantage of information asymmetries to gain the advantage in a corporate jungle. That framing, however apt a description for many business contexts, is anathema to Decurion's leaders—even a description of organizational failure to live up to the beliefs that undergird the company. But it's not collective naïveté about power and status that motivates this view. Rather, the company wants to help every member break with the instinct to hoard information, to seek advantage by protecting one's base of authority and power, and to squander time managing others' favorable impressions. Jobs here are designed not to be "person-dependent."

Dashwood, for her part, sees the power for achieving business results in weaving together peer-to-peer communities with hierarchical leadership, as everyone sheds the safety of being the indispensable expert.

It gets at a lot of the energy and the waste that's spent in people not being fully engaged in the work, and feeling like they are healthy in what they're doing. It's about the effect on the business, the customer, and the working environment. But it has the effect of people making better decisions. It's a healthier environment. I've never experienced that in my career before Decurion. That's a whole different way of being. It is a work environment that requires managers, senior managers, directors, VPs, to work on building trust in each other, to work on not being tied to their roles, identities, fiefdoms, or to protecting themselves over the needs of the business or the effectiveness of others and the group.

Dashwood's Challenge

During the theater work group meeting that we joined, Dashwood was conscious of the individual growth she is seeking for herself as a leader. To her credit, she strives to develop her capabilities even after nearly four decades in the exhibition industry. It is a consistent mark of the DDOs we studied that the senior people are as deeply engaged in the personal growth journey as the newest hires. Working at Decurion has helped Dashwood explore the mind-set driving her day-to-day actions, and, in settings where there is a learning community to help her, she frequently practices new ways of being and seeing. In some ways, the very things she is working on with the greatest clarity are the shadow side of the confidence that led her to Decurion.

Hired in 2000 to lead Pacific Theatres and shortly thereafter asked to launch ArcLight Cinemas, Dashwood came to Decurion from a major national theater chain where she had worked for twenty-three years, rising from her first high school job behind a concession stand to become a senior operations executive. She was brought to Christopher Forman's attention by someone who referred to Dashwood as the best theater operations executive in the country, and that's the kind of person Forman wanted to oversee the company's theater business.

Within a couple of years of joining Decurion, when ArcLight was the proving ground for creating a new kind of culture in the company, Dashwood was getting feedback about her limitations.

I started bumping up against some walls. I started hearing feedback from Chris, and from others around me, that the way I was leading was actually holding people back. And at forty-two years old, and it is humbling for me to say this, I had never gotten feedback that anything I was doing in business wasn't just beyond reproach. So, I've got to tell you, I was kicking and screaming, and I would have fired myself five times in terms of how I resisted the feedback and the coaching. I mean, I listened to it all, but I literally couldn't see it. I didn't know what to do with it.

She recalls one exchange, in a community setting much like the theater work group, that marked a turning point for her in a moment of insight.

I was in a meeting, and a theater assistant manager in his early twenties said to me that he felt that when things weren't going the way I wanted them to go, he could feel the air in the room turn cold.

She chokes up a little and then continues.

He never would have been able to say that if it hadn't been for Decurion not only allowing but requiring its members to give feedback to each other regardless of position or tenure so that we can form effective business communities. I call that assistant manager my "canary in a coal mine." This manager's observation shifted my ability to see and understand that there was another way, that aspects of how I led were creating barriers for others. That what he felt as the room going cold was me withdrawing my goodwill and closing my heart to others because things were not going the way I thought they should.

I didn't know if I could do it, but I now knew that to be more effective as a leader and more of who I wanted to be as a person, I needed to *be* with the people as they engaged in their work. That for people to be able to flourish, they would need to do it in their own way, and not the way I thought was the way. The business requirement and practices of Decurion allowed me to become aware of my deeply held assumptions and beliefs about what it means to be a leader, to be a mentor, to be with a community, and to count on other people.

Growing up with very loving, strong-willed, independent, immigrant parents, I absorbed a consistent, powerful message. The message was that you need to take care of yourself because no one else will. That if you want all that life has to offer you, you need to count on yourself and take charge. That if you are not leading, you might as well be failing. I became very good at taking charge and counting on my abilities to get what I wanted. But you can only go so far with that mind-set.

Now, I can see more and I am a better listener. I am more aware. I have a community that supports and challenges me. What I have learned at Decurion is that I can be a part of something that produces results much bigger than I can produce on my own. It was

the hardest thing I've ever done and it has been the most meaningful growth and development I've ever experienced.

As she creates the fishbowl space for the theater work group community, Dashwood continues her own work on leading others without “withdrawing her goodwill” when they don’t see the world her way. In other words, the question she struggles with is, “How can I keep holding high standards for excellence in the business while at the same time allowing others to step forward with their own ideas and solutions, even if they are at odds with my instincts and preferred pathway for getting the work done (‘the way Nora would do it’)?”

Dashwood has been testing her assumptions—that others won’t get it right unless they do it her way and that she can rely only on herself—in other situations, too. One opportunity arose from her growing frustration with the design of a company website. Her first instinct was to gather everyone together and get into the thick of designing a better site, and then get everyone working fast on implementing it. But she resisted that impulse. Instead, she took the problem as an opportunity to delegate and empower a group to produce the new design.

She had a conversation with her colleagues, discussing her expectations and standards but without doing the work for them. Empowering the team, she realized, didn’t mean that she wouldn’t give feedback on the evolving work. In fact, when the first site design was “just OK,” Dashwood again resisted jumping in, instead working to help guide the group on how they could discover a better solution. They came back with a much better result, something she admits surprised her, given her habitual pattern of thinking she couldn’t trust others to get to a good solution on their own.

What did Dashwood discover about herself? She learned she could let others take up the work with accountability, rather than feeling that the only viable option, when something important is facing the business, was to take charge of doing it herself.

The fishbowl, then, is another “practice field,” in Decurion’s term, for everyone involved, including Dashwood. It’s both a way to move the business ahead—removing roadblocks to collaboration—and a way to work on helping people grow. For her own growth, Dashwood is using the fishbowl to explore navigating the balance between, on the one

hand, having a clear vision as a leader and being accountable for the business and, on the other hand, allowing the members of the theater work group to step into individual and collective responsibility for an excellent loyalty product. She is creating a context for them to grow by tackling the live problems of the business, as individuals and as a learning community. They, in turn, are providing her with a setting to keep pushing beyond her own limits as a leader.

This is what the company means by taking a “nothing extra” approach (a term introduced by Kaz Gozdz, a trusted adviser whom Forman sees as the architect of its transformation). People work on overcoming their limitations as an integrated part of working through active business dilemmas—the work sitting right in front of them—and as part of the pursuit of business excellence. This is the rhythm of daily life at Decurion. And this is what trying to create places for people to flourish looks like.

Bridgewater: Getting to Root Causes

Do you worry more about how good you are—or about how fast you are learning?

—Ray Dalio, Bridgewater

If you sit in a meeting room at the Bridgewater headquarters in Westport, Connecticut, it's apparent that you're in an environment designed for transparency. Floor-to-ceiling windows let in sunlight and offer treetop views of the Saugatuck River, which flows through the middle of the campus. Meeting rooms have the same open windows onto the hallway. Anyone can see who's meeting, and there's no such thing as a private meeting. People at Bridgewater—the world's best-performing hedge fund—use sunlight as a metaphor for the kind of culture they value, one that prizes transparency as the best disinfectant.

As you meet some of the people at Bridgewater, you learn how an unrelenting search for truth—including the often painful truths about one's own limitations—is at the heart of every meeting, indeed every

exchange of ideas. The company's leaders will tell you this search for radical truth and radical transparency is not merely an important aspect of the culture but the heart of the culture and the reason for the company's unparalleled success.

Sergio and the Failed Meeting

It's 9:00 a.m. on a bright Friday morning in winter. The Bridgewater training team is holding its daily meeting. This group of about a dozen people, which reports to founder Ray Dalio, creates case-study materials for everyone in the company, part of the stream of daily learning experiences people participate in here to strengthen the culture and reinforce its values. The interactive video cases and self-assessment tools the group is creating help employees, from the newest recruit to the most senior management committee members, interpret the core principles of the company and apply them to real-life situations. Most of the people on the curriculum team of sorts are in their early twenties and were recruited directly from Ivy League universities into their first postcollegiate jobs. They're using their Friday meeting, as they do each week, to diagnose a problem encountered within the team and for which it is worth understanding why the problem occurred. This task is called a diagnosis.

A diagnosis is part of a five-step process that is essential to the continuing personal evolution that Dalio sees as necessary for individuals to get what they want out of life. These steps are distinct and not to be blurred together—diagnosis of a problem is not the same as designing a solution—and they begin with setting goals based on your values:

1. *Setting goals.* You can have virtually anything you want, but you can't have everything you want . . . To achieve your goals, you have to prioritize, and that includes rejecting good alternatives.
2. *Identifying and not tolerating problems.* Most problems are potential improvements screaming at you . . . The more painful the problem, the louder it is screaming. In order to be successful, you have to (1) perceive problems and (2) not tolerate them . . . So

push through the pain of facing your problems, knowing you will end up in a much better place.

3. *Diagnosing the problems.* You must be calm and logical . . . You must get at the root causes . . . the deep-seated reasons behind the actions that cause problems . . . Recognizing and learning from one's mistakes and the mistakes of others who affect outcomes is critical to eliminating problems . . . More than anything else, what differentiates people who live up to their potential from those who don't is a willingness to look at themselves and others objectively . . . The most important qualities for successfully diagnosing problems are logic, the ability to see multiple possibilities, and the willingness to touch people's nerves to overcome the ego barriers that stand in the way of truth.
4. *Designing the plan (determining the solutions).* Creating a design is like writing a movie script in that you visualize who will do what through time in order to achieve the goal . . . When designing solutions, the objective is to change how you do things so that problems don't recur—or recur so often. Think about each problem individually, and as the product of root causes—like the outcomes produced by a machine. Then think about how the machine should be changed to produce good outcomes rather than bad ones . . . Designing precedes doing!
5. *Doing the tasks.* Great planners who don't carry out their plans go nowhere. You need to “push through” to accomplish the goals . . . People who are good at this stage can reliably execute a plan . . . If they see that daily tasks are taking them away from executing the plan (i.e., they identify this problem), they diagnose it and design how they can deal with both the daily tasks and moving forward with the plan.

In the five-step process, diagnosing problems is the key to learning about the sources of your limitations. It's not enough at Bridgewater to recognize that you or someone else made a mistake, although that's a start (and it means you're at least showing some sign of “not tolerating badness,” as Dalio puts it). Instead of identifying the mistake and jumping to solutions—solving the problem—you are pushed first to systematically unearth the limitations in your and others' thinking that lie behind the mistake. What can you learn about “the deeper whys,” as

people at Bridgewater say—focusing relentlessly on the root causes of behavior rather than the behavior itself?

The team's diagnosis of a problem this morning centers on Sergio. The entire group has just spent time discussing Sergio's most recent review. On any given day, all employees are getting and giving feedback from multiple sources about how they're doing their jobs. Nothing in a formal review comes as a surprise. But it's also expected that individual reviews will be discussed with the entire team and with total candor. Niko Canner, a former member of the company's management committee, is leading the meeting.

More than a year earlier, Sergio told Dalio that he was interested in leaving Bridgewater to go to medical school. Dalio shared his gratitude for Sergio's transparency but made sure to tell him that he could have a great career at Bridgewater, if that's what he chose to do. Sergio was candid. He couldn't help thinking, he said, that he would be disappointed in himself if he woke up at age forty-five and was managing people who were managing money.

In this morning's meeting, Sergio is sharing a related struggle. He admits that he "feels an acute need, almost at random, to please others. That could take me in a direction I don't want to go." He tells his teammates that he feels stuck, torn between a desire to please Dalio by staying at Bridgewater and the pull of going to medical school and taking on a new career.

Sergio opens up about his sense of being a people pleaser. "The thing I worry about," he says, "is pleasing whoever is in front of me."

As the diagnosis begins, the reasons for Sergio's recent actions in another meeting are the topic of discussion. Earlier in the week, Sergio was responsible for leading a meeting, and, in preparation, he delegated the task of creating the meeting slide deck to Virginia, a fellow team member. Sergio's teammates who attended the earlier meeting, which was organized around the slide deck, were not impressed. The meeting was "derailed" because the slide deck contained inadequate materials to help Sergio run the meeting successfully or to cope well in the moment.

Canner, the facilitator, asks whether Sergio realized how bad the deck was. "Did you even know what you needed?" he asks. "How

much did you look at the deck as a deck?” Sergio’s colleagues jump in to point out the ways the materials didn’t serve the goals of the meeting. None of this is focused on improving the quality of Virginia’s work. That’s not the point right now.

Canner and the teammates continue to ask questions and make observations. Sergio acknowledges he spent his time in the earlier meeting justifying the slide deck, even though it was patently not good enough, something he realized after the meeting. “I found myself defending a document,” he says. But to get to the deeper why, the group needs to discover what about Sergio made him do this.

Sergio offers a diagnosis. First, he didn’t have an adequate mental map of what was required to move the work forward in the meeting. He also wasn’t “in sync” (an important term at Bridgewater) with others about expectations, and he didn’t get a clear and granular picture of what was required for success. “I lost sight of the goal of the meeting,” Sergio says. “Ray [Dalio] talks about a choice between worrying if you’re looking good and achieving your goals. And I was defending the intelligence of the deck.” Now Sergio is getting to the root cause: his own need to look good and please others. It hijacked his behavior in the meeting.

The team meeting wraps up on time, just as Sergio asks for more opportunities to practice in similar situations. He tells Canner he wants to take a next step a little further down the developmental road and check in again with him, not so that Canner can “feed him fish,” Sergio says, but so that he can learn to fish.

Coming full circle, Canner summarizes some takeaways, not only for Sergio but also for the team to hear. “These failures are fuel,” Canner says. He praises Sergio for focusing on the “loops” of learning—being ready for more practice—and for now seeing clearly what the team members don’t want to do (among other things, delegate a task without a clear sense of what a good outcome looks like that meets the need and the standard of excellence).

In parting words that are typical at the end of a meeting here, capping a high-energy Socratic dialogue designed to get to the truth, Sergio acknowledges, “We’re probably in agreement.”

An Idea Meritocracy

Bridgewater Associates manages approximately \$165 billion in global investments in two hedge funds: Pure Alpha Strategy and All Weather Strategy. The company serves institutional clients, such as foreign governments, central banks, corporate and public pension funds, university endowments, and charitable foundations. Bridgewater began in Ray Dalio's two-bedroom apartment in 1975 and is still privately held. There are about fifteen hundred employees.

Throughout its nearly four decades, Bridgewater has been recognized as a top-performing money manager; it has won more than forty industry awards in the past five years alone. At the time of this writing, the Pure Alpha fund has had only one losing year and has gained an average of 14 percent per year since its founding in 1991. The All Weather fund, which is designed to make money during good times and bad, has been up 9.5 percent per year since its launch, in 1996, and delivered an astonishing 34 percent return from 2009 through 2011, even as the hedge fund industry as a whole underperformed the S&P 500. In both 2010 and 2011 Bridgewater was ranked by *Institutional Investor's Alpha* as the largest and best-performing hedge fund manager in the world. And in 2012, *Economist* credited the firm with having made more money for its investors than any other hedge fund in history.

Greg Jensen, co-CEO, explains that all this success derives from the company's approach to its principles, a source of "compounding understanding," much like compound interest, over time.

The thing that we found . . . in our business, and I think for most businesses, you have to have better ideas than other people. That's basically what it comes down to. We're competing against everyone in the markets. The market price is a weighted-average view of what's going to happen in the future. The only way you can know something better is to have a better understanding of what can happen in the future. So, it's a perfect form of idea meritocracy. And for us the building blocks of that, of creating an idea meritocracy, is having a shared, transparent set of principles, so that everybody understands the roles, the constitution of the place . . . We have this

notion about the constitution of the company that these are the principles. So that every decision, we are reflecting on, “What principles are at play? And how do you take this decision with respect to those principles?” . . . When we change our views, we’ll change it there, so that people can keep learning from that compounding understanding and thirty-five years of running this business . . . If you disagree with the principles, you gotta fight like hell. There’s no behind-the-corner talk.

In the algorithms of its proprietary systems, the company has recorded all its technical investment knowledge—a set of principles to guide investing. As many as 98 percent of Bridgewater’s financial decisions are executed automatically based on that set of codified market decision rules. In contrast, the “Principles” document—the Bridgewater constitution, which all citizens of the company seek to uphold (or “fight like hell” to change, if they disagree)—is not about the laws of finance, the market economy, or investing. Instead, it’s about the ways people act to foster and preserve a culture of truth and transparency. The principles set a clear bar of excellence for all decision making and are the common textual and conceptual reference for every Bridgewater employee seeking to act in a principled way.

The principles, which number more than two hundred, are organized in several categories, each building out to a core takeaway through a collection of related ideas. The following summarizes some of these foundational beliefs.

- *Trust in truth.* Be radically transparent, be extremely open, and don’t tolerate dishonesty.
- *Create a culture in which it is OK to make mistakes but unacceptable not to identify, analyze, and learn from them.* Do not feel bad about your mistakes or those of others. Love them! Don’t worry about looking good—worry about achieving your goals. When you experience pain, remember to reflect.
- *Constantly get in sync.* Talk about “Is it true?” and “Does it make sense?” Be assertive and open-minded at the same time. Don’t treat all opinions as equally valuable. Consider your own and others’ “believabilities.” Spend lavishly on the time and energy you

devote to getting in sync because it's the best investment you can make.

- *Get the right people.* Remember that almost everything good comes from having great people operating in a great culture. First, match the person to the design.
- *Recognize that people are built very differently.* Understand what each person who works for you is like so that you know what to expect from them. Don't hide these differences. Explore them openly with the goal of figuring out how you and your people are built so that you can put the right people in the right jobs and clearly assign responsibilities.
- *Manage as someone who is designing and operating a machine to achieve the goal.* Constantly compare your outcomes to your goals. Conduct the discussion at two levels when a problem occurs: (1) the "machine" level discussion of why the machine produced that outcome and (2) the "case at hand" discussion of what to do now about the problem. Hold people accountable and appreciate them holding you accountable. Logic, reason, and common sense must trump everything else in decision making.
- *Probe deep and hard to learn what to expect from your "machine."* Constantly probe the people who report to you, and encourage them to probe you. Remember that few people see themselves objectively, so it's important to welcome probing and to probe others. Don't "pick your battles." Fight them all. Make the probing transparent rather than private.
- *Evaluate people accurately, not "kindly."* Understand that you and the people you manage will go through a process of personal evolution. Help people through the pain that comes with exploring their weaknesses.
- *Train and test people through experiences.* Remember that everything is a case study. Teach your people to fish rather than give them fish.
- *Sort people into other jobs at Bridgewater, or remove them from Bridgewater.* When you find that someone is not a good "click" for a job, get them out of it ASAP. Do not lower the bar.

- *Know how to perceive problems effectively.* Understand that problems are the fuel for improvement. Don't tolerate badness. Don't use the anonymous "we" and "they," because that masks personal responsibility—use specific names.
- *Diagnose to understand what the problems are symptomatic of.* Recognize that all problems are just manifestations of their root causes, so diagnose to understand what the problems are symptomatic of. Remember that a proper diagnosis requires a quality, collaborative, and honest discussion to get at the truth.
- *Design your machine to achieve your goals.* Remember: you are designing a "machine" or system that will produce outcomes. Most importantly, build the organization around goals rather than tasks. Build your organization from the top down.
- *Recognize the power of knowing how to deal with not knowing.* Remember that your goal is to find the best answer, not to give the best one you have. Constantly worry about what you are missing.
- *Synthesize.* Understand and connect the dots. Avoid the temptation to compromise on that which is uncompromisable. Don't try to please everyone.

Bridgewater's commitment to radical truth, as elaborated in these principles, is anchored in a demand for excellence through constant improvement. The company leaders see all of its processes through the image of a machine—an inevitably imperfect but improvable system.

The economy is likewise described at Bridgewater as a machine that produces outputs, and, by any accounting, the company has developed penetrating insight into the workings of the machine. But human-designed processes within the company are also viewed as machines. Each process—from the hiring of new Bridgewater recruits, to the way the desktop technology support team manages software installation, to the approach to developing training case videos—delivers on specific goals and is designed to work in more or less effective ways to produce outcomes. Enhancing the functioning of the company's many processes—its machines—requires a constant search for the truth about how things are actually going and what needs to be learned by whom if there's a problem.

Probing and Transparency

“Probing” at Bridgewater is a way to understand the deeper whys. In probing, you ask someone questions about the design of a specific process, about a problem, or about the person’s actions or inaction.

Probing also allows people, in an inquiry-based culture, to ensure that they’re aligned in looking at the same data and zeroing in on shared causal explanations. It is the practice of figuring out what is true. It also reveals information about what people are like (the WPALs), which can help managers understand whether the source of a problem is a given person or the design of the machine—the definition of the role and workflow.

The company’s other primary commitment—to radical transparency—goes much deeper than the glass office walls. Every meeting is recorded, and (unless proprietary client information is discussed) every recording is available to every member of the organization. Each office and meeting room is equipped with audio recording technology. For example, if your boss and your boss’s boss are discussing your performance and you weren’t invited to the meeting, the recording is available for you to review. And you don’t have to scour every audio file to find out whether you were the subject of a closed-door conversation. If your name came up, you’re likely to be given a heads-up, just so that you will review the file. In effect, there is no such thing as a closed-door conversation; everything is part of a “historical record of what is true.”

Co-CEO Jensen says that in the beginning, the company’s lawyers “went nuts” about recording meetings. But after Bridgewater was sued several times and used the tapes as evidence, Jensen explains, “We won every case. We won because the tapes made clear that we were operating consistently with how we say we are operating.”

At any time, routine business conversations can shift into an opportunity for truth-telling and collective learning. It is common to pause for a “step-back moment” in the middle of a meeting to take stock of errors, to diagnose their root causes in people’s habitual actions and thinking, and to identify what individuals can do to learn from their own defensiveness. A participant whose limitations are being scrutinized might also be encouraged to “design around” those ways of

thinking rather than pretend they don't exist, using reliable peers or leaders or setting up processes that “guardrail” against failure—proactively compensate for one's inadequacies.

At Bridgewater, every day is a kind of after-action review, although the process goes much deeper than a typical postmortem. A given conversation of this sort doesn't stop until people have learned something about the person involved. What does what happened say about you—about how you think? And is there a higher vantage point that you can take, sitting above your own in-the-moment, reactive, defensive self—looking down to see the “you” that is messing up repeatedly and predictably? How are your actions, missteps, or successes, viewed by this “higher you,” an expression of something deeper that's true about you? There is an urgency in asking this question each time, because if you (and others you work with) don't figure out the deeper whys, then you'll keep doing the same things, with similarly disappointing results.

As you might imagine, all this can be disorienting for people early in their tenure at the company—especially for people who have had professional careers at other firms where they were shining stars to be emulated and examples of what success typically looks like at work. At Bridgewater, people talk openly and honestly about the pain that can be triggered by looking closely at our own internal barriers and the root causes of things that happen at work. They refer to an equation to remind themselves and each other why they do this every day:

$$\text{Pain} + \text{Reflection} = \text{Progress}$$

Employees even have an app—the Pain Button—that is standard issue on company-provided iPads. This tool allows employees to record and share experiences of negative emotions at work—especially when their ego defenses are activated by interactions with others. Open sharing of these experiences then triggers follow-up conversations among the parties, as they seek to explore the truth and identify what individuals might do to directly address the underlying personal causes.

This practice is aimed at helping people “get to the other side”—a Bridgewater phrase for working through ego defenses, neutralizing the sting of having your mind-set questioned, and coming to actively manage forms of emotional self-protection that otherwise would be

barriers to personal growth. Because learning from one's mistakes is a job requirement, people who cannot get to the other side after sufficient time will either leave Bridgewater or be asked to go.

John Woody's Reliability Problem

John Woody (who goes by Woody) coleads Bridgewater's recruiting efforts. Now in his early thirties, Woody started working at the company on the team directly supporting Ray Dalio.

When we met Woody, who was also featured in a 2013 Harvard Business School case study of Bridgewater, he shared his story of growth.⁴ Woody has by now gotten to the other side, where he can discuss his limitations directly with anyone in the company. But there was a time when Woody could not face what he was hearing about himself. After several years in the company, Dalio directly addressed what he called Woody's "chronic reliability issue." Because Bridgewater records all such conversations, we can share a portion of that conversation Woody had with Dalio.

Dalio: He told you to deliver the daily updates. I told you to deliver the daily updates.

Woody: I'm in agreement about the daily updates. No question.

D: And so there are two issues. Not only aren't you getting the daily updates, but we have a chronic reliability issue. You cannot be trusted to do the things you're asked to do.

W: Um . . . when you take it to that level, I disagree with you. But when we're talking about—

D: That's your problem.

W: Well, can we explore that?

D: Yes, of course!

W: Because I think I take on massive amounts of responsibility and deliver on all of them. There are certain things that—

D: No, you don't. It's become a joke, about your reliability, and your reliability grades. You're given assignments, you don't do it. You are

given the daily updates. You're asked to do stuff. This is your problem. You don't embrace your problem.

Woody's reaction—in this meeting and in the weeks that followed—was to reject the harsh feedback. Dalio had “touched the nerve,” in the phrase people at Bridgewater use. Woody in turn immediately grew defensive.

Here, we pride ourselves on being logical and facing the truth, but my initial response was, “You're wrong!” which is me already being illogical, because I'm not even asking him why he thinks I'm unreliable . . . I thought I was really open-minded, that I was [open to being] wrong in situations. And I came to realize very quickly that that wasn't the case. That when I was challenged, it would actually emotionally impact the way I interacted. I would get heated. I would lose my logic. I would feel like when people challenged my ideas, it was almost an affront [to] me.

But pushed by Dalio and others to continue exploring his behavior —“to get past his ego”—Woody began to see some patterns over time, rather than seeing his shortcomings as exceptions or situational. He started to “come to a realization that not only is it a problem for me professionally, but it's actually been a problem for me personally all the way back to the time where I'm eight years old.”

So then I have to ask myself, “How is it that something that has pervasively affected me since I was eight years old is something I can deny steadfastly when confronted on it as a thirty-year-old? . . . Who do I want to be?” I want to be the guy you give the ball to on the two-yard line. “We need to score, we've got to give it to the most dependable guy. You are the guy.” That's who I want to be. [But] I am being confronted in the moment by someone saying, “You are not the guy. I don't even know if you are going to be there when I try to hand the ball to you.” And that hurts, right?

Woody credits “a pretty powerful community” for helping him confront the fact that he was quick to anger and to get defensive, that he was chronically late to meetings and other commitments, and that he was someone people couldn't rely on to follow through. Now he is at a

point in his journey at Bridgewater where he is trying to “become comfortable with it, and I’m trying to change certain bits about myself that are causing problems, but I’m also much more comfortable being conscious of it.”

Woody sees the progress he’s making on his reliability problem, but he insists he still has a long way to go. It is clear, though, that he has come quite a distance: “[Now] I prioritize more ruthlessly,” he says, “pause longer and more thoughtfully before promising things to others, visualize more granularly how I will actually get something done, check in with those who ask things of me more frequently and with more questions, and lean on those around me much more explicitly now than I ever did.”

For people like Woody, who thrive in Bridgewater’s incubator for human performance, getting to the other side is not the end of a journey. But it’s a richer vista from the other side, with the hard-won ability to see and understand much more about oneself. And for most, like Woody, Pain + Reflection [+ “a pretty powerful community”] = Progress.

Summing Up

One thing is clear: none of these companies is formally in the human potential business. They are not universities filled with professional educators, or clinics or personal growth centers staffed with psychologists. They aren’t management consultancies. None of these three companies markets services related to helping people overcome their limitations. They manage hedge funds, movie theaters, and e-commerce transactions. Their businesses and products are as diverse as the companies are distant from being human services organizations. Macroeconomic investors, software engineers, and movie theater operators would probably not be your first choice of people to naturally take to the continuous levels of self-examination you’ve had a glimpse of here.

And that is the point. Although these companies develop their cultures as principled investments in their own business success, they also refuse to separate the people who make up the business from the

business itself. Their big bet on a deliberately developmental culture is rooted in the unshakable belief that business can be an ideal context for people's growth, evolution, and flourishing—and that such personal development may be the secret weapon for business success in the future.

In each of these DDOs—Next Jump, Decurion, and Bridgewater—we see a seamless integration of two pursuits as if they were a single goal: business excellence and the growth of people into more capable versions of themselves *through* the work of the business. Each company has its own approach, but, interestingly, what each emphasizes can be found in the others as well. Next Jump's culture puts helping others explicitly at the forefront, including the central importance of coaching as a way to grow while serving others. Decurion builds the strength of next-generation learning communities (really, development communities) as a way to create conditions for people to both grow as individuals and seize business opportunities fully. Bridgewater stands for the pursuit of what is true, no matter how inconvenient, both as a business necessity in the financial markets and as a path for personal evolution and cultural integrity.

But underlying these approaches is a shared and surprising reversal of the most fundamental agreement in ordinary organizational life: the separation of the personal and the public. The ordinary organization is like the “old Brené Brown” as she described herself at the beginning of this chapter: it doesn't “do” vulnerability, and it doesn't hang out with those who do. The ordinary organization conspires with that part of its employees' psyches that believes the place for imperfection and vulnerability and shame and unworthiness is somewhere far away from work.

(The ordinary organization says, in effect, “If vulnerability does have to come into work from time to time, then we will make provisions for it: let it go on in a private room, with others who will keep whatever they see and hear to themselves, and let it be tended to as quickly as possible, and let us do the person the courtesy of pretending it never happened”—in other words, just the way some people think we should treat nursing mothers.)

No doubt you have had a variety of reactions to what you have seen in this chapter, but almost certainly, whatever those reactions are, at

their core is one thing: the way you feel about vulnerability. Your reactions may be about the way you feel about experiencing vulnerability yourself in the company of others; the way you feel about being in the presence of others' vulnerability; and, especially, the way you feel about any of that going on at work. You can be assured that whatever your current thoughts and feelings are, every one of them has been shared—is currently being shared—by people working in a DDO. In that way, this chapter helps you meet a DDO in more ways than one.

Now that you've generated a variety of first impressions, the next two chapters create spaces to help you hold on to them, to turn them around in your hands, and to consider them in the context of the underlying theory of the DDO. We begin with an exploration of what development means in a deliberately developmental organization. There exists a well-worked-out theory about the trajectory of psychological development in adulthood, based on forty years of research, that we believe can help you understand the deep structure of a DDO. In essence, a DDO is working on ways to provide people the maximum exposure to those experiences likely to help them continue—when they are ready—the ongoing journey of adult development.

2

What Do We Mean by Development?

Words like *development* and *growth* are widely used in business and other professions. If you're the leader of a company or one of its shareholders, you want it to develop. As an employee, you want to work at a place where your career can develop over time.

When people refer to a company growing or developing, they are generally talking about an increase in revenue, profits, stock price, personnel, markets, lines of business, office locations, or subsidiaries—increases in the “size” of the business. When individuals talk about the growth or development of their career, they generally mean an increase in their seniority, their scope of responsibility, their authority, their compensation—increases in the “size” of their position. If deliberately developmental organizations did not also develop in this sense, and if their people did not find their careers also developing in this sense, it isn't likely they would last or find employees.

But when we talk about a DDO, we use the term *development* very differently. We mean, not the development of a career, but the development of the person having the career. We aren't first talking about the business becoming bigger, but becoming a better version of itself. Businesses expand and careers flourish within a DDO, but these changes are *consequences* of the kind of development we're talking about; they are not the development itself.

What is “the development itself”? For more than a hundred years, researchers have studied the ways human beings construct reality and have observed how that constructing can become more expansive, less distorted, less egocentric, and less reactive over time. They began with the study of children, teasing out, first, the underlying logic used by their young subjects to make sense of themselves and the world around them; then researchers discovered the principles and processes by which this logic gradually evolves to enable growing children to overcome their cognitive distortions and see more deeply and accurately into themselves and their worlds. Testing the robustness of this logic and the sequence of its development, researchers found that the basic patterns hold up across genders, cultures, and social classes.

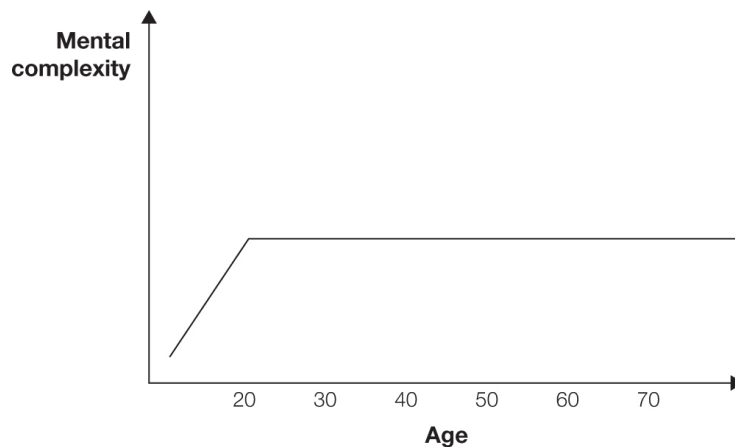
Forty years ago this science took a significant, and controversial, turn with the investigation of adult development. Many theorists and researchers, ourselves among them (Kegan and Lahey), advanced an understanding of a succession of more complex mental logics after adolescence. Informed by our research subjects whom we followed over many years, we began to see further possibilities in adulthood for overcoming limitations in the ability to understand oneself and one’s worlds—even if not every adult traveled the full course of this trajectory.¹

The Trajectory of Adult Development

When we began our work, the accepted picture of mental development was akin to the picture of physical development; human growth was thought fundamentally to end by our twenties. Most people don’t get any taller than the height they reach in their twenties, and it was believed they didn’t get any “taller” psychologically, either. If, forty years ago, you were to place “age” on one axis and “mental complexity” on another, and if you asked the experts in the field to draw the graph as they understood it, they would have produced something similar to [figure 2-1](#): an upward sloping line until the twenties, and a flat line thereafter. And they would have drawn it with confidence.

FIGURE 2-1

Age and mental complexity: the view thirty years ago



In the 1980s we began reporting the results of our research, suggesting that some (though not all) adults seemed to undergo qualitative advances in their mental complexity akin to earlier, well-documented quantum leaps from early childhood to later childhood and from later childhood to adolescence. When we talked about these results on distinguished panels, our brain-research colleagues sitting next to us would greet them with polite disdain.

“You might think you can infer this from your longitudinal interviews,” they would say, “but hard science doesn’t have to make inferences. We’re looking at *the real thing*. The brain simply doesn’t undergo any significant change in capacity after later adolescence. Sorry.” Of course, these hard scientists would grant that older people are often wiser or more capable than younger people, but this they attributed to the benefits of experience, a consequence of learning how to get more out of the same mental equipment rather than qualitative advances or upgrades to the equipment itself.

Forty years later? Whoops! It turns out everyone was making inferences, even the brain scientists who thought they were looking at “the thing itself.” The hard scientists have better instruments now, and the brain doesn’t look to them exactly the way it did forty years ago. Now they talk about neural plasticity and acknowledge the phenomenal capacities of the brain to keep adapting throughout life.

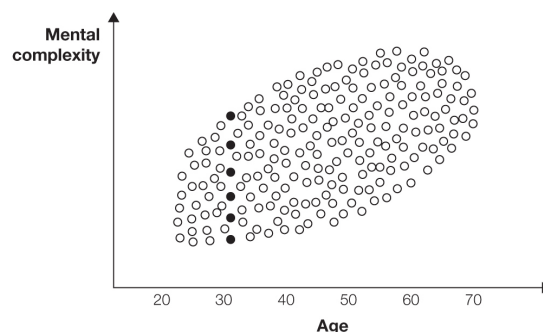
What if we were to draw the graph showing age and mental complexity now? On the basis of forty years of longitudinal research by us and our colleagues—as a result of thoroughly analyzing the transcripts of hundreds of people, interviewed and reinterviewed at several-year intervals—the graph would look like [figure 2-2](#).

Two things are evident from this graph.

- With a large-enough sample size you can detect a mildly upward-sloping curve. That is, looking at a population as a whole, mental complexity tends to increase with age, throughout adulthood, at least until old age. When an evolution occurs from one level of complexity to another, adults take greater responsibility for their thinking and feeling, can retain more layers of information, and can think further into the future, to name only some of the well-researched consequences of mental development. So the story of mental complexity certainly does not end in our twenties.
- There is considerable variation within any age. For example, each of six people in their thirties (the darker dots) could be at a different place in their level of mental complexity, and some could be more complex than a person in her forties. People move through these evolutions at different speeds, and many of us, if not most of us, get stuck in our evolution and do not reach the most complex peaks.

FIGURE 2-2

Age and mental complexity: The revised view today



If we were to draw a quick picture of what we have learned about the individual trajectory of mental development in adulthood, it might look something like [figure 2-3](#).

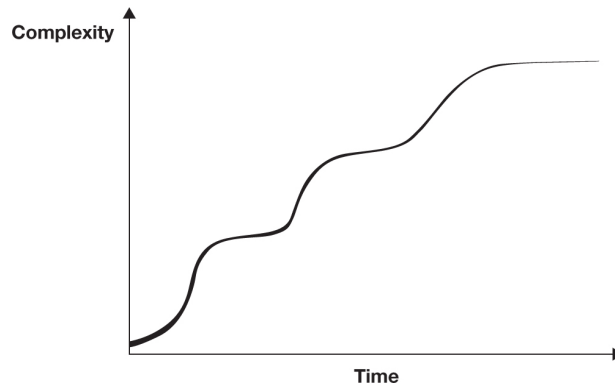
This picture suggests several elements.

- There are qualitatively different, distinct levels (the “plateaus”); the demarcations between levels of mental complexity are not arbitrary. Each level represents a different way of knowing the world.
- Development does not unfold continuously; there are periods of stability and periods of change. When a new plateau is reached, we tend to stay on that level for a considerable time (although elaborations and extensions within each system can occur).
- The intervals between transformations to new levels—the time on a plateau—get longer as time passes.
- The line gets thinner, representing the decreasing likelihood of reaching the higher plateaus.

What do these levels of mental complexity in adulthood look like? Can we say anything about what someone at a more complex level can see or do that he cannot do at a less complex level? Indeed, we can now say a great deal about these levels. They do not mark how smart you are in the ordinary sense. Mental complexity is not about how much you know or how high your IQ is. It is not about developing increasingly abstruse apprehensions of the world, as if “most complex” meant finally being able to understand a physicist’s blackboard filled with complex equations.

FIGURE 2-3

The trajectory of mental development in adulthood



Then what does it mean? Read on.

Three Plateaus in Adult Mental Complexity

Let's begin with an overview of three qualitatively different plateaus in mental complexity we see among adults, as suggested in [figure 2-4](#) and [table 2-1](#). These three adult meaning systems—the socialized mind, the self-authoring mind, and the self-transforming mind—make sense of the world, and operate within it, in distinct ways. One way to see how this difference shows up at work is to focus on any significant aspect of organizational life and then consider how the same phenomenon—for example, the flow of information—differs through the lens of each perspective.

FIGURE 2-4

Three plateaus in adult mental development

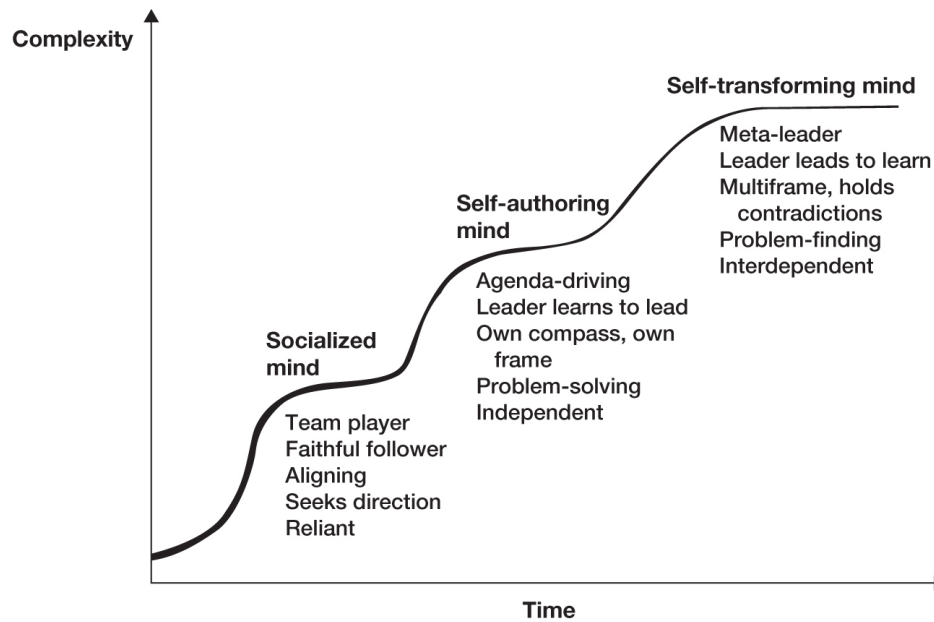


TABLE 2-1

The three adult plateaus

The socialized mind

- We are shaped by the definitions and expectations of our personal environment.
- Our self coheres by its alignment with, and loyalty to, that with which it identifies.
- This sense of self can express itself primarily in our relationships with people, with schools of thought (our ideas and beliefs), or both.

The self-authoring mind

- We are able to step back enough from the social environment to generate an internal seat of judgment, or personal authority, that evaluates and makes choices about external expectations.
- Our self coheres by its alignment with its own belief system, ideology, or personal code; by its ability to self-direct, take stands, set limits, and create and regulate its boundaries on behalf of its own voice.

The self-transforming mind

- We can step back from and reflect on the limits of our own ideology or personal authority; see that any one system or self-organization is in some way partial or incomplete; be friendlier toward contradiction and opposites; seek to hold on to multiple systems rather than project all except one onto the other.
- Our self coheres through its ability not to confuse internal consistency with wholeness or completeness, and through its alignment with the dialectic rather than either pole.

The way information does or does not flow through an organization—what people “send,” to whom they send it, how they receive or attend to what flows to them—is a crucial feature of how any system works; nowhere is it more important than in a DDO, which stresses unprecedented forms of transparency. Experts on organizational culture, organizational behavior, or organizational change often address this subject with a sophisticated sense of how systems impact individual behavior, but with a naive sense of how powerful a factor is the level of mental complexity with which the individual views the culture. Let’s look at how this factor operates.

The Socialized Mind and Information Flow

Having a socialized mind dramatically influences both the sending and receiving aspects of information flow at work. If this is the level of mental complexity with which I view the world, then what I think to send will be strongly influenced by what I believe others want to hear. You may be familiar with the classic groupthink studies, which show team members withholding crucial information from collective decision processes because (it is later learned in follow-up research), as one participant might put it, “although I believed the plan had almost no chance of succeeding, I saw that the leader wanted our support.”

Some of these studies were originally done in Asian cultures, where withholding team members talked about the need to “save face” of the leaders and not subject them to shame, even at the price of setting the company on a losing path. The studies were often presented as if they were uncovering a particular cultural phenomenon. Similarly, Stanley Milgram’s famous obedience-to-authority research was originally undertaken to fathom the mentality of “the good German” and to identify what about the German culture enabled otherwise decent, nonsadistic people to carry out orders to exterminate millions of Jews. But Milgram, in practice runs of his data-gathering method before he went overseas to Germany, was surprised to find “good Germans” all over Main Street USA. And although we think of sensitivity to shame as a particular feature of Asian culture, the research of Irving Janis and Paul ‘t Hart has made clear that groupthink is as robust a phenomenon in Texas and Toronto as it is in Tokyo and Taiwan.² In sum, groupthink

and obedience to authority may owe their origins less to culture and more to complexity of mind.

The socialized mind strongly influences how information is received and attended to, as well as how it is sent. Because maintaining alignment with important others and valued “surrounds” is crucial to the coherence of one’s being at this stage, the socialized mind is highly sensitive to, and influenced by, what it picks up. Because of this sensitivity, it often picks up information far beyond the explicit message. It may well include the results of highly invested attention to imagined subtexts and cues that may have more impact on the receiver than the sender intends. (“I could just tell he was impatient by his tone of voice.” “When she leans in like that, you know she doesn’t agree with what you’re saying.”) This kind of inference is often astonishing and dismaying to leaders and others, who cannot understand how subordinates and team members could possibly have interpreted a communication in an unintended way.

Keep in mind that levels of mental complexity are not the same thing as levels of intelligence in the IQ sense. People at the socialized level of mental complexity can differ widely among themselves with respect to IQ, and, like any level, it may include those with very high IQs. Recall Sergio, from Bridgewater, introduced in [chapter 1](#). He probably has a very high IQ, and it is also likely, at the time he appears in [chapter 1](#), he is working on the transition out of the socialized mind. He tells us he “feels an acute need, almost at random, to please others,” that he feels torn between a desire, on the one hand, to please founder Ray Dalio by staying at Bridgewater, and the pull, on the other hand, of leaving and going to medical school. “The thing I worry most about,” he says, “is pleasing whoever is in front of me.”

We all spend some portion of our adult lives in the socialized mind, and at any time, in any organization, a large percentage of people, in a DDO or otherwise, will organize their experience according to this psychologic. But notice that, in Sergio’s case, the culture of a DDO may usefully trouble this mind-set and support his transition.

Even to please his boss, Sergio will pick up that Dalio will be most pleased by Sergio’s speaking his mind, by his saying what is true for him, even if that truth is an inconvenient one for Dalio. When a culture acts in such a way to upend our current level of mental complexity,

even as we are acting to preserve that level—in this case by seeking to align with (or get in sync with) the values and norms of authorities surrounding us—that culture is operating in a fashion that induces development.

You can see the effect on Sergio, who is having the opportunity, in the context of his work, not only to enact his socialized mind but also to identify how it works—and how it may no longer work very well. “This can get me in trouble,” he says. He has not yet moved fully beyond the socialized mind, but clearly he is not so completely embedded in it as he once was. There was a time when he did not know he was a people pleaser, to use his term. This is what development always looks like. That which we were “subject to,” or run by, gradually becomes “object,” or something we can look *at* rather than only look *through*.

What if the life of a DDO is filled with such development-inducing opportunities, not only for those in the socialized mind but also for those at any point in their development?

The Self-Authoring Mind and Information Flow

Let’s contrast the socialized mind with the self-authoring mind. If I view the world from this level of mental complexity, what I send is more likely to be a function of what I deem others need to or ought to hear to best further the agenda or mission of my design. Consciously or unconsciously, I have a direction, an agenda, a stance, a strategy, or an analysis of what is needed—a prior context from which my communication arises. My direction or plan may be an excellent one, or it may be riddled with blind spots. I may be masterful or inept at recruiting others to invest in my plan. These matters implicate other aspects of the self. But mental complexity strongly influences whether I orient my information toward getting myself behind the wheel so that I can drive (the self-authoring mind) or getting myself included in the car so that I can be driven (the socialized mind).

We see a similar mind-set operating when I, as someone with a self-authoring mind, receive information. I create a filter for what I allow to come through. The filter puts a high priority on some information—e.g., information I seek, or information I may not seek but that I can see is

relevant to my plan, stance, or frame—and a lower priority on other information—e.g., information I haven't asked for that seems unimportant to my design.

It's easy to see how someone having a self-authoring mind could demonstrate an admirable capacity for focus, for distinguishing the important from the urgent, for making the best use of her limited time by having a means to cut through the unending and ever-mounting claims on her attention. This speaks to the way the self-authoring mind is an advance over the socialized mind. But the self-authoring mind may also be a recipe for disaster if her plan or stance is flawed, if it leaves out a crucial element of the equation not appreciated by the filter, or if the world changes so that a formerly effective filter becomes antiquated.

Consider Jackie from Next Jump, whom you met in [chapter 1](#), and the way the world changed for her. "I have to be honest," Jackie told us. "When cultural contributions were first introduced to the company, I pretty much dismissed them. Why am I going to do them?" Her words convey more than a refreshing candor; they convey a long-lived internal authority that can consider a new companywide expectation and a reset of the definition of success, and just say, "Nope. Doesn't fit my filter. I'm tossing that in the wastebasket."

Imagine how differently someone with a socialized mind would be affected by a new norm that essentially says, "To be loved and respected around here, now you have to give as much attention to your contributions to culture as to revenue." If that person had a work profile like Jackie's, ignoring contributions to the culture, we would expect him to turn around on a dime and start attending to culture.

Not Jackie. The same self-direction, focus, and personal initiative that have no doubt contributed to her success as a marketing leader, as a champion of any project she can run on her own, also make it possible for her to independently evaluate the new information bumping up against her filter. Nothing about it forwards her self-authored agenda, so it doesn't register—until there are consequences. In Jackie's case, she was removed from the company's most prestigious leadership committee, which was a blow to her own self-authored definition of being successful.

But again, as with Sergio, we can do more than use these live examples to demonstrate how the differing minds show up in the real

world. We can begin to see that a DDO is deliberately developmental precisely because it intersects continuously with its members' developmental position, whatever that position is, offering invitations for them to grow beyond the limits of their current mind-sets, if they are ready for the move.

Jackie could have responded to her setback by taking up contributions to culture in the same self-authoring way in which she was previously having nothing to do with it. "Okay," she could have said to herself, picking herself up and dusting herself off. "I'm Jackie. I get the A's. If the grading system has changed, and it remains my self-authored goal to be restored to my rightful place on the leadership committee, I will come up with a new plan to realign, not with what others want, but with what I want."

Initially, this is probably just what she did. But it's important to see that even if this were all she did, it would not be a defeat for her, or the company, or the purpose of a DDO. Not everyone is always ready to undergo the transformation it takes to climb to a new plateau. There also is a kind of human progress in making our way further along the horizontal line. There are many ways to be self-authoring, many agendas or filters that Jackie could create.

But notice that even if her initial move is a more lateral one, the particular one the DDO encourages brings her into experiences that may make it more likely for her to move beyond the self-authoring level. She may initially grit her teeth and spend more time trying to be helpful to others only to accomplish her self-authored goal. But doing so will give her the opportunity to do more than just accomplish her agenda; it may well lead her to a different definition of self, to different metrics for success and accomplishment and satisfaction—new ways of seeing that are genuinely more unselfish because they transcend the self-authoring level. A key indicator may be whether getting reelected to the leadership committee comes to pale in importance, for Jackie, to the satisfaction of being the new person she finds herself becoming.

The examples of Sergio and Jackie may make it tempting to consider that Next Jump's work to help people become less insecure or less arrogant (recall that these are the company's terms) amounts to powerful ways of helping people with socialized minds to become more self-authoring, and helping people with self-authoring minds to become

more self-transforming, respectively. But the realities are not always so simple. Some people who lean arrogant do so with socialized minds. Their overcertainty and high confidence might be an expression of how well connected and well regarded they feel themselves to be. (If you're certain you have God on your side, for example, your faithful adherence can show up as "leaning arrogant.")

And some people with self-authoring minds can lean insecure. If, for example, your frame or personal philosophy puts a high premium on not being found wanting, or not being one who lets his heart cloud his good judgment, you may have an outlook of chronic caution or tempered enthusiasm that comes across as leaning insecure. An optimally effective DDO will offer a different set of developmental supports and provocations to arrogance or insecurity suited to differing levels of mental complexity.

The Self-Transforming Mind and Information Flow

In contrast to the self-authoring mind, the self-transforming mind also has a filter but is not fused with it. Someone with a self-transforming mind can stand back from his own filter and look at it and not only through it. And why would he do so? It's because he both values, and is wary of, any one stance, analysis, or agenda. He is mindful that, powerful though a given design might be, it almost inevitably omits something. A self-transforming mind is aware it lives in time and the world is in motion. It is aware that what might make sense today may not make as much sense tomorrow.

Therefore, when communicating, people with self-transforming minds are not only advancing their agenda and design but also making space for its modification or expansion. Like those with self-authoring minds, what those with self-transforming minds send may include inquiries and requests for information. But rather than inquire only within the frame of their design (seeking information that will advance their agenda), they also inquire about the design itself. They seek information that may lead them or their team to enhance, refine, or alter the original design or make it more inclusive. Unlike the socialized-minded person, for the self-transforming person, information sending isn't about being included in the car; and unlike the person with a self-authoring mind, it

is not only about driving the car, but also about considering whether to remake the road map or reset the direction.

Similarly, the way the self-transforming mind receives information includes the advantage of having the self-authoring mind's filter, but the self-transforming mind is not a prisoner of the filter. People at this level of mental complexity can still focus, select, and drive when they feel they have a good map. But they place a higher priority on information that may also alert them to the limits of their current design or frame. They value their filter and its ability to separate the wheat from the chaff, but they know it can also screen out the "golden chaff": the unasked-for, the anomaly, the apparently inconsequential datum that may be what is needed to turn the design on its head and bring it to the next level of quality.

Those with self-transforming minds are more likely even to have the chance to consider such information, because people are more likely to send it to them. Why? It's because those with selftransforming minds not only attend to information once it gets to their door but also realize their behavior can have a big effect, upstream, on whether people even decide to approach the door. Others are not left guessing whether to send potentially "off-mission," but potentially important, communication. They send it because people with self-transforming minds have found ways to let them know such information will be welcomed.

Bridgewater's Ray Dalio, for example, places a high premium on what he calls "radical open-mindedness," by which he means something qualitatively beyond a mere willingness to listen to a competing view when and if it comes to call. "To be radically open-minded," he says, "you need to be so open to the possibility that you might be making a mistake and/or that you have a weakness that *you encourage others to tell you so.*"

The developmental journey of Decurion's Nora Dashwood, whom you met in [chapter 1](#), is instructive in this regard. She is clearly and consciously at work on questions that come down to, "Can I be bigger than the self-authoring self that feels as if it has been so integral to my professional success and personal sense of well-being?" ("Can I lead others without withdrawing my goodwill when they don't see the world my way?" "Can I keep holding high standards for excellence in the business, while at the same time allowing others to step forward with

their own ideas and solutions even when they run counter to my own instincts?”)

Recall in [chapter 1](#) that Dashwood talks about her growth as a leader, explaining that a low-ranking employee brought her up short when he told her that he felt “the air in the room turn cold” when things didn’t go her way in meetings. Dashwood traced her take-charge tendency to her upbringing as the child of immigrants, who taught her, “You need to take care of yourself because no one else will . . . if you want all that life has to offer you, you need to count on yourself and take charge. That if you are not leading, you might as well be failing.” But because of Decurion’s practices, which pushed Dashwood “to be a [different kind of] leader, to be a mentor, to be with a community, and to count on other people,” she has changed. “I am a better listener,” she says. “I am more aware. I have a community that supports and challenges me . . . What I have learned at Decurion is that I can be a part of something that produces results much bigger than I can produce on my own. It was the hardest thing I’ve ever done and it has been the most meaningful growth and development I’ve ever experienced.”

Her words express a developmental journey beyond the self-authoring mind, and they show how a deliberately developmental organization, through its community and its practices, slips its hand under its people, wherever they may be in their developmental journey, and supports their forward movement when they are ready.

Mental Complexity and Performance

The foregoing descriptions of the three plateaus of mental complexity, structured around a single important element of organizational life—information flow—begin to show you how a DDO is deliberately developmental. They show how an organization’s *actions*—its communities and its practices—intersect with individuals, wherever they are in the developmental journey.

There is no denying that the descriptions suggest a value proposition for mental complexity. Theoretically, each successive level is formally “higher” than the preceding one, because people at the next level can

perform all the mental functions of the prior level as well as additional ones. Each new level transcends and includes the prior level.

But the discussion so far has been about more than the formal theoretical properties and functions of the developmental levels. We have implied that the levels translate into real actions having real consequences for organizational behavior and work competence. The implication is that people having a higher level of mental complexity outperform those at a lower level in real life.

Is this only a hypothesis, albeit with plausible face validity, or has it been tested and systematically demonstrated? There are now a number of studies that correlate measures of mental complexity with independent assessments of work competence or performance. For now, let's peek into them to see the trends they suggest.

Leadership researcher Keith Eigel assessed the level of mental complexity of twenty-one CEOs of large, successful companies, each company an industry leader with average gross annual revenue of more than \$5 billion.³

Using separate performance assessments, Eigel also evaluated the CEOs' effectiveness in terms of the ability to:

- Challenge existing processes
- Inspire a shared vision
- Manage conflict
- Solve problems
- Delegate
- Empower
- Build relationships

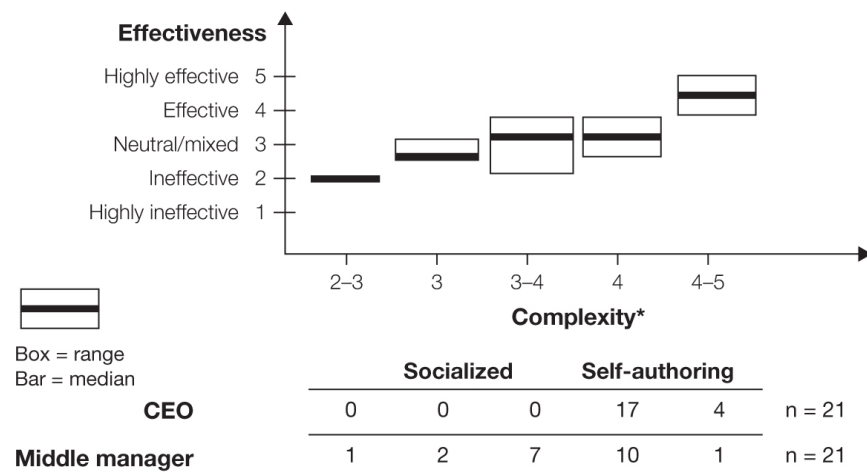
For comparison, Eigel did similar assessments in each of the same companies, interviewing promising middle managers nominated by their respective CEOs. [Figure 2-5](#) summarizes his findings.

Several results stand out. First is the clearly discernible upward slope, signifying that increased mental complexity and work competence, assessed on a number of dimensions, are correlated.

Thus, not only is it possible to reach higher planes of mental complexity, but also such growth correlates with effectiveness, for CEOs as well as middle managers. This finding has been replicated in a variety of fine-grained studies of small numbers of leaders, assessed on particular competencies. Taken together, the cumulative data supports the proposition that for those at a higher level of mental complexity, a complex world is more manageable.⁴

FIGURE 2-5

Individual mental capacity and business effectiveness: Eigel's results



*3 = socialized mind; 4 = self-authoring mind; 5 = self-transforming mind

Source: K. Eigel, "Leader Effectiveness" (PhD dissertation, University of Georgia, 1998).

Shifts in the Demands on Followers and Leaders

We can take a more sweeping view of the same issue by considering the new demands on leaders and their subordinates in the volatile, uncertain, complex, and ambiguous world in which we live. Take another look at [figure 2-4](#), the chart of the plateaus in adult mental complexity.

Now let's consider what was once asked of people at work, generally, in any organization, compared with what is now asked.

Formerly, it was usually enough if people were good team players, pulled their weight, were loyal to the organization, and could be counted on to follow conscientiously the directions and signals of their boss. In other words, the socialized mind would be perfectly adequate to handle the nature of yesterday's demands on employees.

But things have changed. In 1995, psychotherapist Nathaniel Branden writes as follows.

In the past two or three decades, extraordinary developments have occurred in the American and global economies. The United States has shifted from a manufacturing society to an information society. We have witnessed the transition from physical labor to mind work as the dominant employee activity. We now live in a global economy characterized by rapid change, accelerating scientific and technological breakthroughs, and an unprecedented level of competitiveness. These developments create demand for higher levels of education and training than were required of previous generations. Everyone acquainted with business culture knows this. What is not understood is that these developments also create new demands on our psychological resources. Specifically, these developments ask for a greater capacity for innovation, self-management, personal responsibility, and self-direction. This is not just asked at the top, it is asked at every level of a business enterprise, from senior management to first-line supervisors and even to entry-level personnel . . . Today, organizations need not only an unprecedentedly higher level of knowledge and skill among all those who participate but also a higher level of independence, self-reliance, self-trust, and the capacity to exercise initiative.⁵

What is Branden—and many others who write about what we now look for from our workforce—saying, as it relates to level of mental complexity? He is saying that it used to be sufficient for workers to be at the level of the socialized mind, but now we need workers who are at the level of the self-authoring mind. In effect, we now call on workers to understand themselves and their world at a qualitatively higher level of mental complexity.

And what is the picture if we look not at lower-level employees but at bosses and leaders? Organizational theorist Chris Argyris raises similar

issues about the growing insufficiency of traditional conceptions of managerial and leadership effectiveness that still dominate our thinking. There may have been a day, Argyris suggests, when it was enough for leaders to develop worthy goals and sensible norms, cultivate alignment, and work “to keep organizational performance within the range specified”—all the while exercising the strength of character to advocate for one’s position and hold one’s ground in the face of opposition.⁶

Skillful as such managers may be, however, their abilities no longer suffice. Needed now are leaders who can not only run but also reconstitute their organizations—their norms, missions, and cultures—in an increasingly fast-changing environment. For example, a company that chooses to transform itself from a low-cost, standardized-product organization to a mass customizer or a provider of organization-wide solutions will need to develop a new set of individual and team capabilities.

Argyris and Donald Schön describe the challenges of such a shift.

[It] requires that members of the corporation adopt new approaches to marketing, managing, and advertising; that they become accustomed to a much shorter product life cycle and to a more rapid cycle of changes in their pattern of activities; that they, in fact, change the very image of the business they are in. And these requirements for change come into conflict with another sort of corporate norm, one that requires predictability in the management of corporate affairs . . . A process of change initiated with an eye to effectiveness under existing norms turns out to yield a conflict in the norms themselves.⁷

For more than a generation, Argyris (and those who have been influenced by him) has been calling for, in our terminology, a new capacity of mind. This new mind must have the ability to author a view of how the organization should run and have the courage to hold steadfastly to that view. But more, the new mind also must be able to step outside its own ideology or framework, observe the framework’s limitations or defects, and author a more comprehensive view—a view it will hold with sufficient tentativeness that it may discover its limitations as well. In other words, the kind of learner Argyris rightly looks for in a

leader may need to be a person who is making meaning with a self-transforming mind.

Thus, organizations are asking workers who once performed their work successfully with socialized minds—good soldiers—to shift to self-authoring minds. And organizations are asking leaders who once led successfully with self-authoring minds—sure and certain captains—to develop self-transforming minds. In short, organizations are asking for a quantum shift in individual mental complexity across the board.

Meeting the Demand

How big is the gap between what we now expect of people's mental capacities and what their minds are actually like? Are we expecting something that is a big reach? After all, if the world has become more complex in the past half-century, then perhaps the world also has become a better incubator of mental complexity, and the supply of mental complexity has kept up with the demand.

Two sophisticated, reliable, widely used measures exist for assessing mental complexity along the lines we talk about here. (This is something quite different, obviously, from IQ testing, which has only a modest correlation with mental complexity; you can have an above-average IQ—say, 125—and operate at any of the three plateaus.) These measures are the Washington University Sentence Completion Test (SCT) and the Subject-Object Interview (SOI) we introduced earlier.

Two large meta-analyses of studies using one or the other of these measures have been performed, with several hundred participants in each study. [Figure 2-6](#) summarizes the results.

Two observations stand out from the data in [figure 2-6](#):

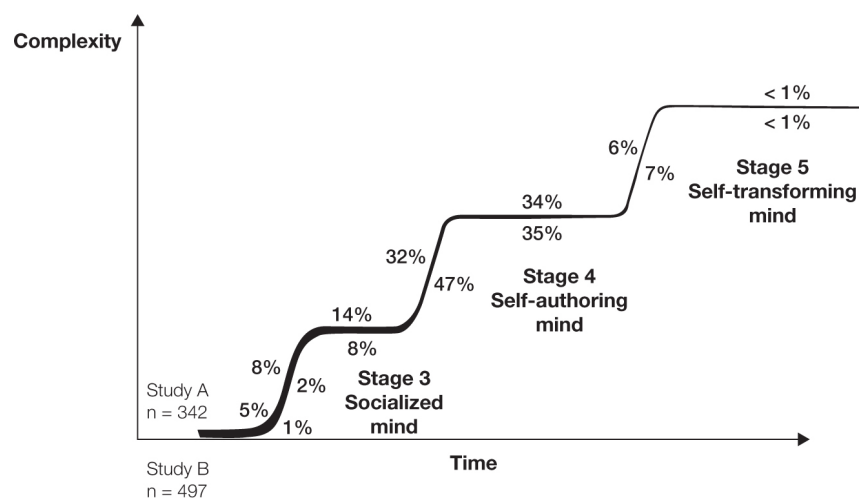
- Both studies, each done with different samples, arrive at the same finding: that in a majority of respondents, mental complexity is not as far along as the self-authoring mind (in fact, the separate studies show nearly the exact same percentage—58 or 59 percent—is not at this level). Because both studies are skewed toward

middle-class, college-educated professionals, the actual percentage in the general population may be higher.

- The percentages of people beyond the plateau of the selfauthoring mind are quite small.

FIGURE 2-6

Results from two large-scale studies of the distribution of levels of mental complexity among adults



Sources: Study A: R. Kegan, *In Over Our Heads* (Cambridge, MA: Harvard University Press, 1994). Study B: W. Torbert, *Managing the Corporate Dream* (Homewood, IL: Dow-Jones, 1987).

The data suggests that the gap is large between what we now expect of people's mental complexity and what our minds are actually like. We expect most workers to be self-authoring, but most are not. We expect most leaders to be more complex than self-authoring, but few are.

These same macro trends are confirmed at the micro level in the Eigel study (have another look at [figure 2-5](#)). Note that only about half of the "promising middle managers" are self-authoring (and those who are, do better than those who are not), and only four of the twenty-one CEOs from industry-leading companies are beyond self-authoring (and those who are, do better than those who are not).

What We Mean by Development in a DDO

Where are we in defining the development that occurs in a deliberately developmental organization?

1. Development is a specific, describable, and detectable phenomenon (the growth of our mind-sets, or meaning-making logics; qualitative advances in our abilities to see more deeply and accurately into ourselves and our worlds; the process of successively being able to look *at* premises and assumptions we formerly looked *through*).
2. Development has a robust scientific foundation (forty years of research, by investigators across the world, with a wide diversity of samples and reliable means of measurement).
3. Development has a business value (organizations need more employees in possession of the more complex mind-sets, and this need will intensify in the years ahead).

This specific, theoretically robust, reliably measurable, and business-valuable phenomenon is the underground river running through a DDO. [Chapter 4](#) takes a more thorough look at the practices of all three DDOs, including the way they support development as we define it here. But even the glimpses in [chapter 1](#), seen now through the lens of developmental theory, should help you begin to see a kind of method to the madness in a DDO.

At first glance, it may seem strange, even unfriendly, to, for example, continuously provide people with critical feedback, or to move them out of a work role as soon as they have mastered it. But this chapter raises the possibility that these DDOs in the wild are accomplishing their ends because, by trial and error over years, they have hit upon practices that actually put them in sync with the contemporary science of adult development.

As it happens, Decurion's leaders were deeply familiar with this science and our work; Bridgewater's originally were not at all familiar with it; and Next Jump, a voracious digester of management science, may have had a passing exposure. What is common to all of them is

not their explicit theoretical grasp of the science, but rather their ingenious and intuitive practical grasp of what it might mean to craft an organizational culture more likely to accelerate the development of personal mind-sets than any previously seen.

As you will see in [chapter 7](#), when we turn to the subject of fledgling DDOs (organizations we are helping find their own path to DDO-hood, in light of the science elaborated in this book), it is our hope that keeping the theory in mind can be a means for you to test and strengthen the pervasiveness and diversity of your culture's support for development.

Incubators of Development

But for now, we can just as easily use the theory to deconstruct the hard-won wisdom reflected in the three exemplar DDOs ("Sure, sure, it works in practice; but does it work in theory?" Yes, indeed it does.)

Consider, for a moment, not only the pervasiveness but also the nature of feedback in the three DDOs. Ordinary organizations seldom make feedback a continuous experience (and in some sectors it can be as infrequent as an annual review), but even in organizations where feedback is frequent, the feedback strongly tends to be oriented to tracking and correcting behavior. In contrast, feedback in a DDO is considered incomplete or superficial unless it penetrates ("probes," in Bridgewater language) beneath behavior to the assumptions and mind-sets that underlie it. Admitting people's interior life into the realm of what can be improved, acted on, and managed is what makes a DDO's culture truly developmental—namely, the development of mental complexity.

Notice how evergreen or developmentally universal this kind of feedback is, whether we're talking about someone at the limits of the socialized mind presented with the opportunity to evaluate, rather than be defined by, the feedback; or someone at the limits of the self-authoring mind having the opportunity now to use the feedback to upend the sufficiency of his personal theory, rather than taking it as the occasion to further fortify his personal theory. In a DDO the experience of feedback, although meaning different things to people at different

stages of adult development, is a continuously rich curriculum. A good curriculum is something with which the learner interacts daily, not once a year in an annual review.

Let's look at additional ways the DDO culture is, in effect, a multisurface, multistage incubator of development. Consider Bridgewater's use of the metaphor of the machine. At first, this may raise an off-putting specter of robotic dehumanization; but when you look into what the organization intends by the metaphor, it is actually a developmentally apt *plurasignative* (a term from semiotics—the science of signs and symbols—for those words that bundle multiple meanings).

One such meaning—one way the metaphor of the machine works on an individual's reality-making—is that any outcome or result (an external event or internal conclusion) gets now seen as the product of a bigger system, which produced the result. Every effect has a cause. Sergio, the self-identified people pleaser, ends up with a suboptimal set of slides for a presentation. Bridgewater's culture, rather than engage this shortcoming only at the level of improving the slide deck (the effect), pulls Sergio into a bigger field of consideration (the cause): What was his visualization of the process by which he was going to produce the slide deck? What was his bigger purpose, in the first place, of which the slide deck is only a part? How does his people-pleasing give him a bigger inner context for understanding how he ends up defending the merits of slides he doesn't even agree with?

The message behind the Bridgewater idea of the machine is that “things don't just happen” (a bigger system produced them); and “things don't just happen *to* you” (you have some responsibility, upstream, for this downstream outcome). This is exactly the message of the self-authoring mind: your thoughts and feelings, for example, don't just happen to you, and other people can't “make” you feel a certain way; rather, you create your thoughts and feelings, including the thoughts and feelings you “make” in response to the things other people do. The “making” of our thoughts and feelings is a mystery to us when we are in the socialized mind, precisely because we do not yet see ourselves as the author of them.

The gradual move from the socialized to the self-authoring mind is the most well-traveled passage in the journey of adult development. Is it

any wonder the metaphor of the machine is one of the most pervasive in Bridgewater's conceptual toolkit?

But the move from the socialized to the self-authoring mind is not the only passage. For example, a place like Bridgewater—which puts a premium on relentlessly pursuing the question, “How might I be wrong?”—understandably has as much interest in disturbing the self-reinforcing loops of the self-authoring mind. Can the machine idea be as helpful to this later passage? Absolutely. Whereas the machine metaphor forces the socialized mind to *look at* the result or outcome (the effect) and step back to the level of the bigger system that produced it (the cause), the same idea can lead the self-authoring mind to *look at* (take as object) not only the result but also the machine itself. The machine idea can raise the question of your responsibility, not only for systematically producing the result, but also for producing the machine.

If you are not yet ready to move beyond the self-authoring mind, then perhaps your progress here will be of a more lateral sort (you will stay on the self-authoring plateau but use the opportunity to correct some flaw within the system); this is still a form of progress or development. But if you are ready to climb the next slope, you may use this opportunity to detect limits in the (meta-systemic) nature of your machine creating more generally. You may discover not only a further *implication* of your underlying principle or design—an implication you had been blind to—but also limits to the principle itself (an improvement beyond the system). Ray Dalio is very clear, in the company's principles, that his concept of the machine is ultimately evolutionary, and not only mechanistic. The machine can evolve.

Moving to the Next Plateau

When Decurion says, “The crew runs the business,” it is saying to the popcorn attendant, for example, “Don't think of yourself as just making popcorn; you're going to rotate through many roles in the theater.” More importantly (because more interiorly), it is saying, “Don't think of yourself as just a popcorn maker; you are a businessperson, part of a group of businesspeople running this theater.” If you're working popcorn at a Decurion theater, the tools and materials to make popcorn

aren't the only things available to you; you also see all the cost and revenue numbers, all the targets and actuals for your shift. "What do I need with all that?" you might ask.

What is going on here, developmentally? You might well be an adolescent just moving into the socialized mind. You need an educative environment that draws you out of a self-construction oriented mainly to your own concrete needs and short-term ends (completing my shift hassle-free, staying out of trouble, getting paid). Your initial motivation in taking part in any beyond-the-popcorn, bigger-goal activities (such as thinking more generally about the theater operation) might simply be related to that same self-construction ("Doing this other weird stuff is how they roll here; the no-hassle choice is to go along").

But in the same ironic way that Sergio, at a whole different developmental juncture, may initially tell his boss his inconvenient truth more to please his boss than to transcend his people pleasing, the very activity of the concession worker now participating in team activities—having his thoughts and feelings held by others, being let in to other people's thoughts and feelings, coming to be part of something bigger than his own short-term goals and concrete needs—may begin to create new satisfactions, new ways of prizing the self and valuing others, that draws him more fully *into* the socialized mind (the very position that Sergio is leaving). The research shows that these activities and support are well matched to helping adolescents and young adults move into the socialized mind.

Or perhaps our hypothetical popcorn maker is further along in his development. Do the same demands—to lift your head beyond your role, to see yourself as part of a group collectively responsible for a whole operation—have a development-inducing value for someone further along in the developmental journey? We imagine you can answer this one for yourself by now. The same demand that can pull you more fully into the socialized mind (for one set of reasons) can also begin to pull you out of it (for a different set of reasons). To be asked to take your role as an object, to be more identified with the bigger system, to see how all the roles and relationships come under the governance of that bigger system—all this may draw you toward self-authoring.

Or consider Next Jump's boot camp, where you work for a stretch in customer service. The goal is not only to get you closer to the heart of the business or to make sure you put in your dues or share the load. You need to take on what the company calls a "plus-1 project." You need to look at an accepted process and not only fit yourself into it but also stand outside it, critique it, and come up with a proposed improvement. Can you see how this project could be a part of valuable curricula for people at different places in the developmental journey?

Bridgewater puts a premium on getting in sync. Can you see how the actual work of getting in sync, the risks of *not* being in sync, the complications of ensuring one even knows whether one is or isn't in sync, will all differ at each of the stages in development?

Right about now you could be thinking something like this: "Now that you have me thinking about development and developmental differences, I see how so many features of a DDO seem well suited to support the developmental journey. But I haven't thought in these terms before. Maybe if I just think about ordinary companies, or my own place of work, through the same developmental lens, I will find that these places are also filled with developmental provocations and invitations."

That's a good idea—and you should give it a try. We think it will help you see the differences between DDOs and ordinary organizations. Ordinary organizations do not continuously give you critical feedback; they do not constantly ask you to lift your head from your local neighborhood and take a bigger perspective; they do not devote time to teach you to beware of the mere appearance of being in sync when really you are not (and that's why there is so much groupthink in ordinary organizations, as discussed at the start of this chapter).

Running through these glimpses into DDOs is a common thread that distinguishes them from ordinary organizations: DDOs continuously stir things up, troubling the waters; ordinary organizations continuously try to calm things down, instituting repeatable routines. Ordinary organizations don't move you into a new role as soon as you've mastered the old one; instead, they commend you for having mastered it and call you reliable and dependable, appreciating the way you can be counted on now to keep performing the role indefinitely.

An ordinary organization may not even know it is doing it, but, at bottom, it is trying to minimize a certain kind of disturbance. It wants

threats to certainty, predictability, routine, control, and connection to be as few as possible so that the work can get done without unnecessary emotional noise and distraction. A DDO, in contrast, strange though it may sound, values disturbances and is designed to preserve them at an optimal level—not overwhelmingly high, but never down to zero.

Does this mean a DDO is a sadistic home for lovers of emotional drama and alarm? After all, who in her right mind would purposely create such a setting, not to mention prefer it? The answer is that such a design is optimal for exactly one thing: developmental transformation. And it is favored by those who regard as precious the opportunity to learn and grow. Recall Nora Dashwood's words: "It was the hardest thing I have ever done. And it has been the most meaningful growth and development I've ever experienced."

A Scientific Approach

This chapter has introduced you to a science to help you understand what we mean by development when we talk about the deliberately developmental organization. We've tried to show you that—whether or not the DDO exemplars know it—they may be pursuing the first genuinely scientific approach to organizational design since Frederick Taylor a century ago.⁸

Taylor's watchword was, of course, *efficiency*.⁹ Ours is *development*. Later in this book, we address directly how efficient development may be. For now, we point out that for all the effort in an ordinary organization to keep distracting alarm to a minimum, the single most important feature of ordinary organizational life, from the point of view of a DDO, is that, in the ordinary organization, everyone is doing a second job that no one is paying her for—looking good, staying safe, avoiding vulnerability. How efficient can that be?

Having spent this chapter bringing you into the adult developmental science underneath a DDO's design, we turn next to an exploration of its visible features. What does a culture look like if it so values developing the capabilities of all its people that it seeks to fashion a space where everyone can bring their full, imperfect selves to work every day?

Chapter 2 footnote: This is a significantly revised version of material first appearing in Robert Kegan and Lisa Laskow Lahey, *Immunity to Change* (Boston: Harvard Business Review Press, 2009).