Theory U

SECOND EDITION

Leading from the Future as It Emerges

C. Otto Scharmer

Foreword by Peter Senge

**Revised and Updated with New Preface,
Case Stories, and Full-color U Journey Drawings**

If you enjoy this excerpt…

consider becoming a member of the reader community on our website!

[Click here for sign-up form](#). Members automatically get 10% off print, 30% off digital books.

Theory U

This page intentionally left blank

Theory U

Leading from the Future as it Emerges

THE SOCIAL TECHNOLOGY OF PRESENCING

C. OTTO SCHARMER

Theory U

Dedicated to
Katrin Kaufer

This page intentionally left blank

Man knows himself only to the extent that he knows the world;
he becomes aware of himself only within the world,
and aware of the world only within himself.
Every object, well contemplated, opens up a new organ of
perception within us.

– Johann Wolfgang von Goethe

This page intentionally left blank

Contents

Figures and Tables

Figures

Tables

This page intentionally left blank

FIGURE INSERT 1: CROSSING THE THRESHOLD

Imagine a leap from our current self to our emerging future Self. We are facing that threshold, gap, chasm or abyss on all levels of scale: as individuals, groups, organizations, and as a global community. How can we activate our deeper levels of humanity in order to bridge and cross that divide? This is the organizing question and journey of this book.
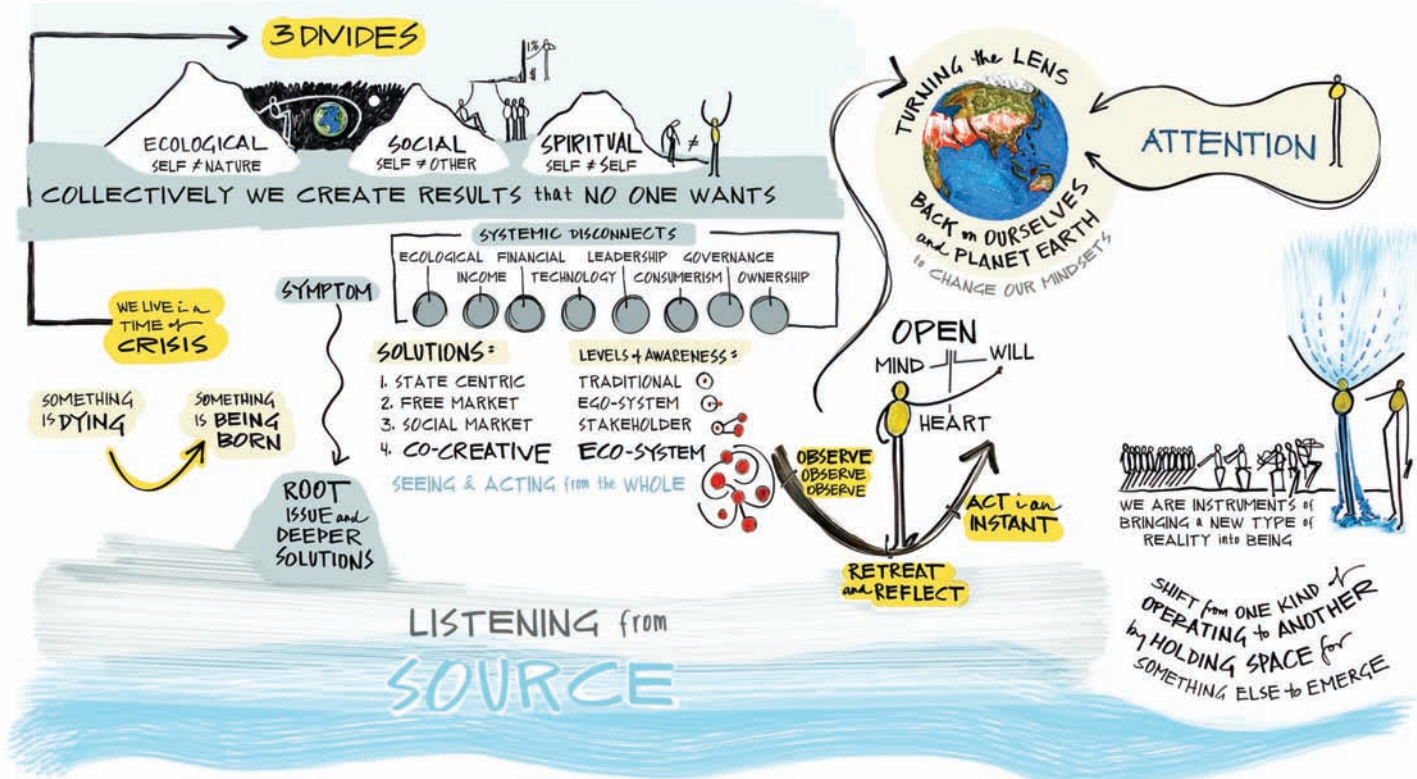
FIGURE INSERT 2: THE ICEBERG MODEL
On the surface, three divides: ecological, social, and spiritual. In the middle, systemic disconnects that keep us reproducing results that nobody wants. On the deepest level: the root issues—the mindsets, paradigms, and Source from which we operate. Through each level, we "turn the lens back at ourselves" to shift our level of awareness from "ego" to "eco", from me to we . . .

FIGURE INSERT 3: DISRUPTION

The issues outside are a mirror of the issues inside. During the u.school ecology gathering in Berlin 2015, a conversation bubbled up on the shadows of society, as if disruption itself knocked on the door of our attention, almost forcing inquiry into darkness. To navigate and hold the breakdown, we engaged the discomfort by opening the mind-heart-will . . .
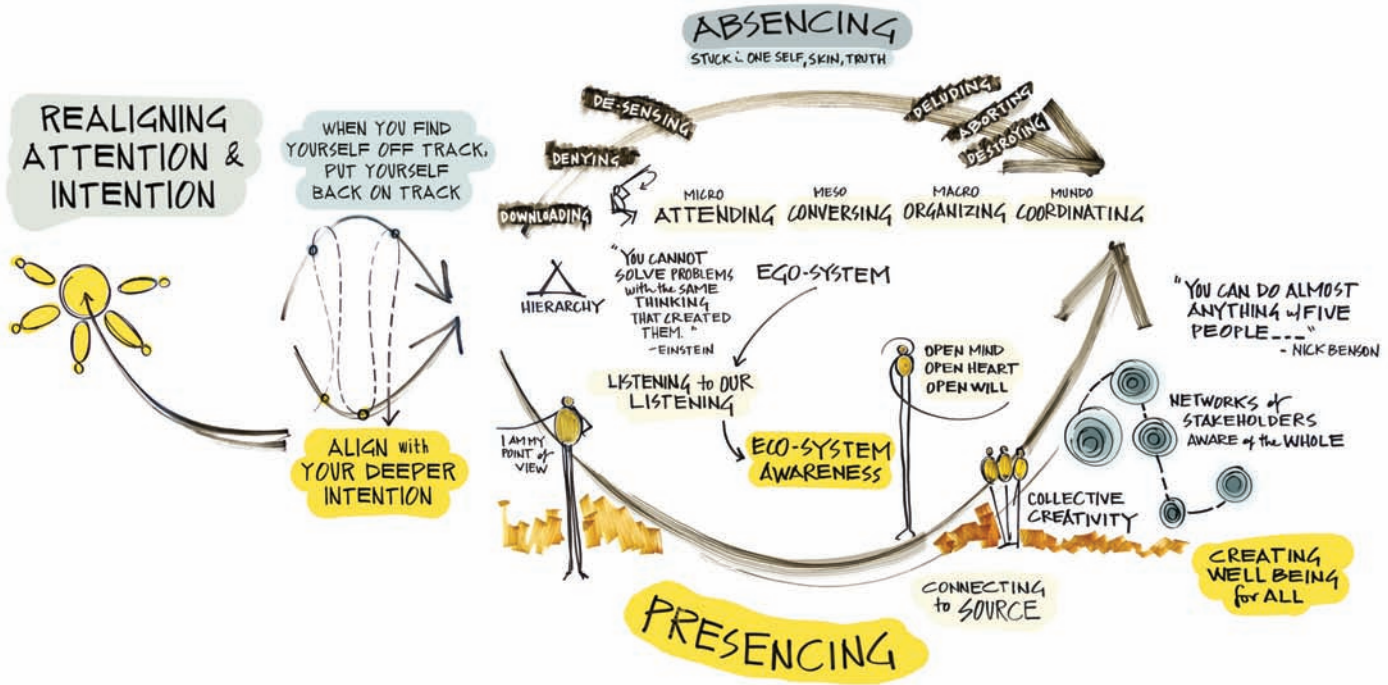
FIGURE INSERT 4: INTENTION

In response to disruption, we muddle through, move apart from one another, by move together. The two curves—absencing and presencing—simply do not exist without each other. It is the constant stitching between the two, not a vacillation but an integration, that realigns our attention with our deeper intention . . .
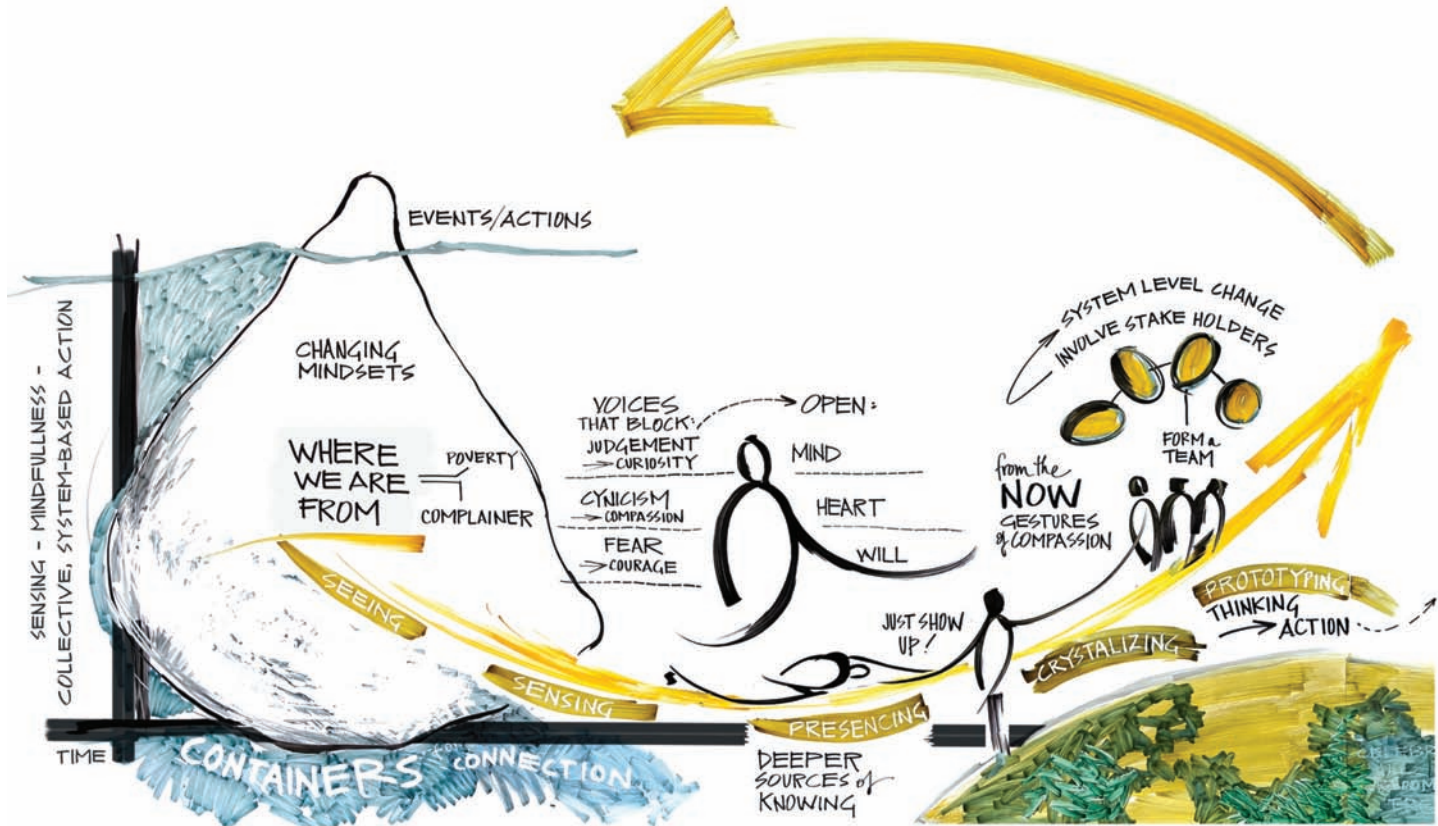
FIGURE INSERT 5: INVERSION
"Every object, well contemplated, opens up a new organ of perception within us." Goethe knew about the deep connectedness between the inner and the outer. In order to become instruments for real transformative change, we have to bend the beam of attention back onto the observing self, thus, help the system to sense and see itself . . .
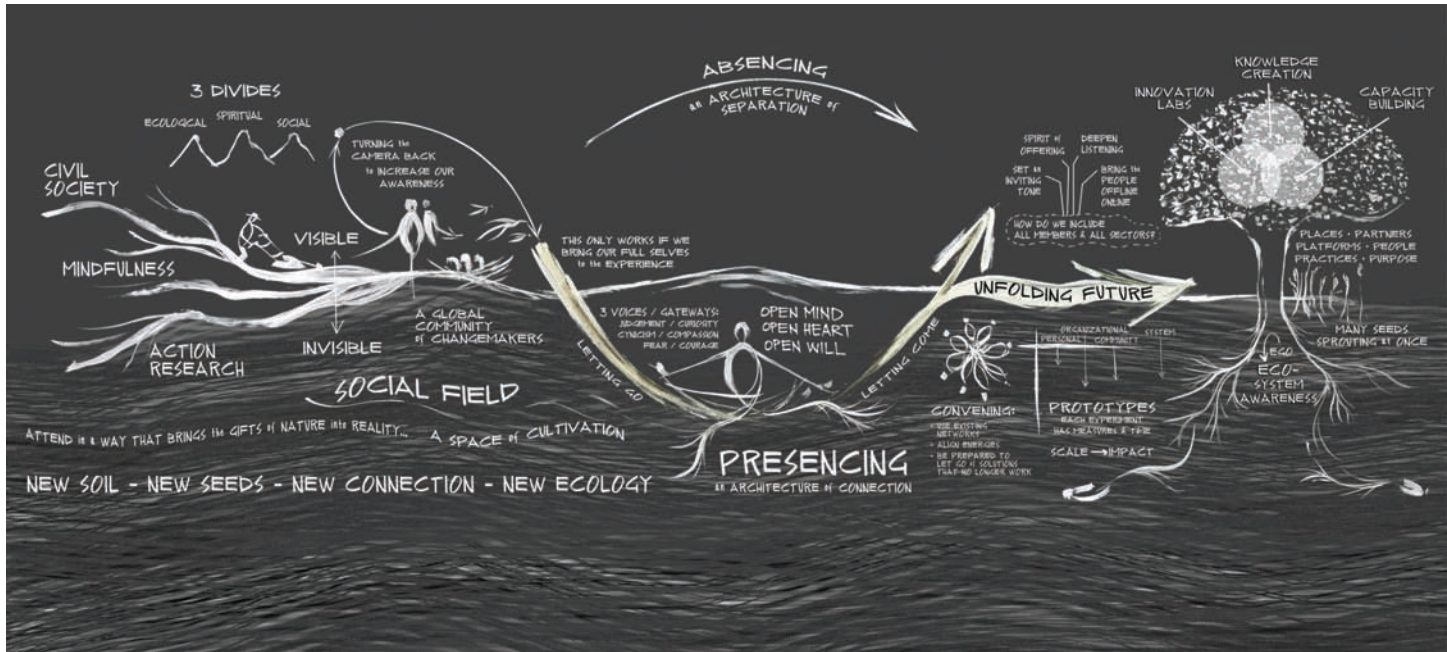
FIGURE INSERT 6: SOCIAL FIELDS

We are part of a global movement that brings together the streams of civil society, mindfulness, and action research while cultivating the soil of the social field, awakening an ego-to-eco shift in awareness and consciousness at its root. In this image we can see ourselves through the eyes of the whole. Merging key themes from the online and offline experiences, we have turned the camera back on our own process and u.lab journey . . .
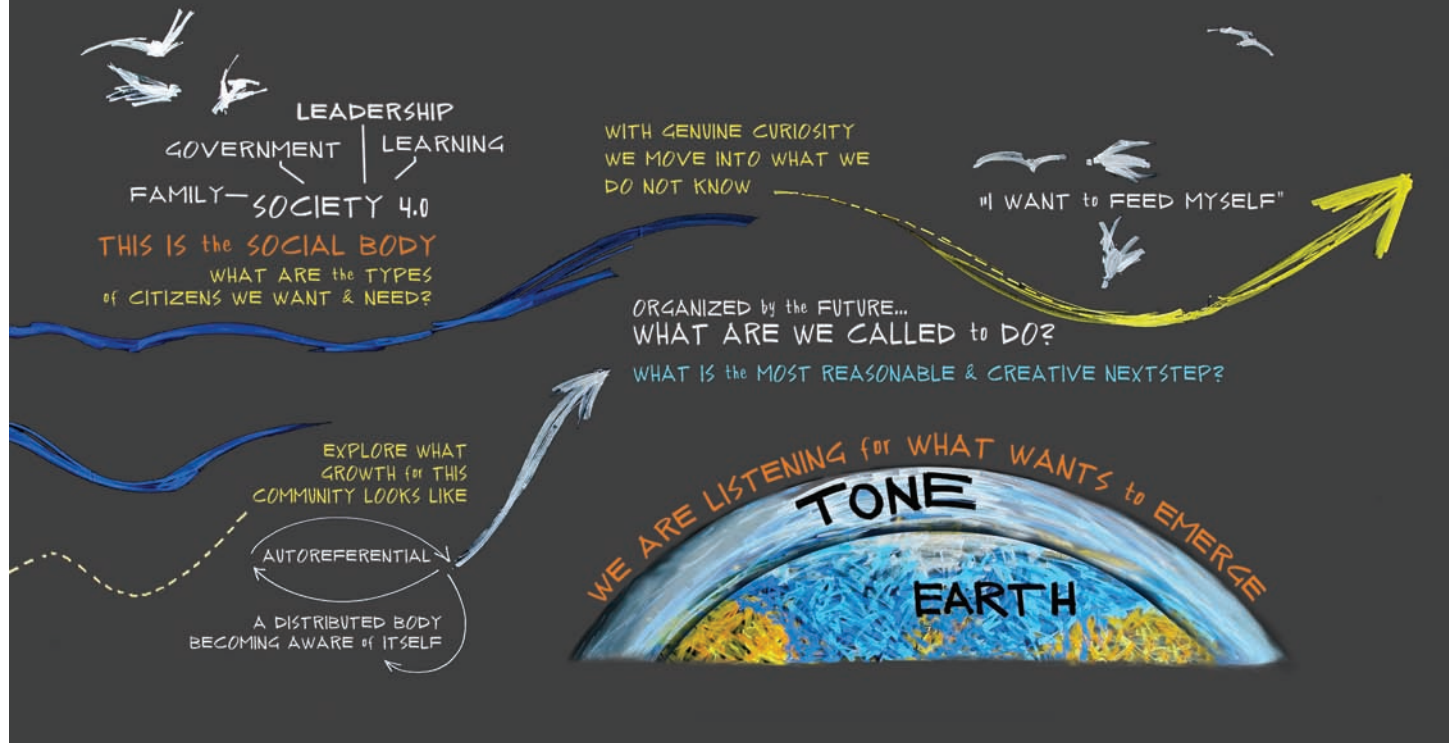
FIGURE INSERT 7: EARTH RISING

As we sense and feel the future, we cannot see and specify precisely what it is. Yet real-time connection to that space is the guiding lifeline. During a Social Presencing Theater practice, with 40 global representatives of the u.school ecology engaged, the person embodying the role of Earth spoke to us: "I am, and I will be," representing a shift of our awareness in listening to the tonality of the planet and what it calls on us to do . . .

F I G U R E   I N S E R T   8 :   U . S C H O O L   E C O L O G Y

Here we see the footprints and essence of the ecology gathering in Berlin. What stands out most clearly is the flow of the blue, as if the water of the three streams merges into a delta of the open mind-heart-will, moving out into an unknown place of calling, as gestured or conducted by Earth herself . . .

A note on these images: All the pictures you see here, and described in the new introduction in this book, were originally created in live social contexts as real-time container-building and reflective devices, onto walls ranging from 8 to 30 feet, with dry erase or chalk markers. For more about the context and journey that gave rise to these images, and for high resolution versions:

visit us at www.presencing.com/theoryu/images

For more on Kelvy Bird and her work: www.kelvybird.com

Preface to the Second Edition: Ten Years On, Earth Rising

When this book was first published (in 2007), our daughter, Hannah, was nine years old. When this second edition comes out, she will have turned nineteen. Reflecting on this past decade and on the decade prior to it that it took me to write the first edition makes me aware of the magnitude in changes that we have seen over the past twenty years. The world has crossed—and is still crossing—a profound threshold.

What threshold am I talking about? It is personal. Relational. Institutional. Global. You can probably feel it too. My colleague and co-founder of the Presencing Institute, Kelvy Bird, who created the wonderful drawings at the beginning of this book, has captured the crossing-the-threshold state (image 1).

↷

In image 1 we see a chasm, an abyss. One part of our self is on the left side—in the current reality, looking into the abyss. Another part of our self, our

emerging Self, is already operating on the other side—the side that connects to the future that wants to emerge. We are both of these selves: the one that is terrified, staring into the abyss; and the one that is already operating from the field of the future—for the future is already there.

And in between these two selves? The void. *Nothing. No thing.* The journey of connecting these two selves and getting them to listen to each other is the essence of Theory U—and the essence of this book. The old self must cross the divide, cross a bridge over the abyss—a bridge from self to Self, a bridge that activates the deeper levels of our own humanity, the deep dormant levels of our emerging Self.

We face that abyss wherever we go, as individuals, teams, and organizations, and as global systems—every single day. Theory U describes a method—a path—that helps us on all levels, in all situations, to keep leaning into and crossing that divide.

Something profound and subtle has happened between the late 1990s—when I first started writing this book—and now. This book traces some of the early beginnings of a global awakening—a movement of people, connections, and consciousness.

But what exactly has shifted between then and now? Let me try to answer that question by sharing five observations that I believe embody five dimensions of a deeper shift that continues to reshape our world.

Rise of Mindfulness and Spirituality

The first observation concerns the rise of mindfulness. Over the past two decades we have seen mindfulness move from marginal to fairly central in four areas of professional application:

- *Cognitive science*: The discovery of brain plasticity has made mindfulness a more common focus of research in neuroscience and neurophenomenology, as exemplified in the pathbreaking work by Tania Singer on compassion and Richard Davidson on neuroplasticity.
- *Health*: The development of MBSR (mindfulness-based stress reduction) by Jon Kabat Zinn and his colleagues has provided a powerful method to

assist people with pain and conditions that are difficult to treat in traditional settings. Since its origins in 1979, MBSR has been used by many thousands of instructors in over thirty countries worldwide. The number of research publications on mindfulness increased from virtually zero in 1980 to 15,000 in 2013.

- *Education*: A new understanding of social emotional learning (SEL), which applies Daniel Goleman's work on emotional intelligence in schools, is helping students to manage emotions, develop empathy, and build relationships.
- *Leadership*: Mindfulness practices in leadership development work are being applied not only in tech communities, but also in most forward-leaning global companies. I have been using mindfulness (and presencing) practices in traditional industries (the automotive industry), technology companies (Google, Alibaba), multilateral organizations (the UN), governments (the Chinese government), and huge state-owned enterprises (ICBC, a Chinese bank). It is striking how wide open the door is for the use of mindfulness and presencing practices in organizations today. The lack of pushback is almost shocking. If you do it right (which means promoting mindfulness not as an ideology but as a tool), the positive response is strong, particularly among the next generation of leaders.

Mindfulness is the capacity to attend to your experiences, while also *paying attention to your attention*. It requires a shift in your awareness to a higher level: *seeing yourself* from the whole.

In a world of ever increasing cultural ADHD (attention deficit hyperactivity disorder), supported by our various apps and electronic devices, which at first we love and then (when we fail to use them intentionally) are tyrannized by, the capacity for self-awareness is ever more mission-critical. In spite of all the talk about multi-tasking, scientific evidence shows that multitasking doesn't exist. What does exist, however, is the shortening of the attention span.

And to quote a line from the *Matrix* movie, when Neo is introduced to "the system": "*That's the enemy!*" All real creativity, all profound innovation,

and all deep civilizational renewal are based on the same source: the capacity for sustained attention—the capacity to immerse ourselves in something, stay with it, and then finally, when we are lucky, catch the spark of inspiration and move with it, in order to "bring the new into reality as it requires," to paraphrase Martin Buber.

Image 2 (iceberg) captures this deep territory of change in the form of a model that depicts the symptoms of the problem at the surface, and underneath them the deeper root issues and sources that give rise to them. To address the pressing challenges of our time at the level of source requires us to "turn the lens back at ourselves," by going through the U process—that is, by shifting the awareness that we are operating from.

Rise of Disruption

The second observation concerns the rise of disruption. Technology. Terrorism. Trump. Climate chaos. Conflict zones. Refugees. Polarization. We live in an age of disruption. Any review of the underlying driving forces will convince us that the rate of disruption will continue to go up, not down. It's too late to reverse several of these forces and trends. So if we cannot control the rate of exterior disruption, what, if anything, *can* we control?

The only thing we can really control or shape is *our interior response*: how we show up when disruption hits. Do we freeze and hold on to existing patterns (muddle through)? Do we close down and revert to old, instinctual behaviors (move back)? Or do we open up and lean in to what wants to emerge (move forward)?

The future of our social systems, societies, and the planet as a whole depends in no small way on the choices we make in these moments. The first response (muddling through: same old) creates more chaos, breakdowns, and suffering. The second response (moving back: closing down) creates even worse outcomes, such as racism or fascism. Only the third option (moving forward: open up) creates a space for co-sensing what is going on, a space for letting go of the old and co-creating the new.

Image 3 (disruption) depicts this situation. So what is the key? What determines whether we respond to a situation of disruption by (1) muddling through, (2) moving backwards, or (3) moving forward?

↺↗

The key lies in understanding the words at the top of the drawing: *The issues outside mirror the issues inside*. That sentence sums up the leaders' and change makers' new work—and it also sums up the territory that we will investigate throughout this book. The leaders' new work is about developing an interior holding space—a space that allows them to navigate in the midst of conflicting information and interests, in the midst of institutional failure and systemic breakdowns, in the midst of confusion that makes people turn to anger, fear, and despair.

The Rise of Absencing

The third observation concerns the phenomenon of *absencing*. Any approach or societal framework that doesn't account for the massive rise of fundamentalisms and absencing in our world today is out of touch with the forces that co-shape our reality.

One surprise to me from the past ten years is that, although many, many people picked up on the concept of *presencing* (which the first two parts of this book introduce), almost no one picked up on the corresponding concept of *absencing* (which Part III develops). It's really not possible to understand one without the other. Our current reality is filled with powerful examples of both presencing *and* absencing. Let me explain.

Figure P.1 shows two clashing mind-sets, each of which gives rise to a different dynamic and social field: *presencing* —the state of co-sensing and co-shaping the emerging future by opening our inner instruments of knowing; and *absencing* —the state of disconnecting from others (denial, de-sensing) and from ourselves (absencing), which leads to the destruction of others and, finally, of ourselves. In the state of presencing, we operate based on the

SOCIAL PATHOLOGY
Economies of destruction

SOCIAL EMERGENCE
Economies of creation

ABSENCING

Stuck in One Self/Will

Stuck in One Skin (us vs. them)

Stuck in One Truth/View

DE-SENSING

DELUDING

DENYING

DESTROYING

DOWNLOADING

VoJ   SEEING   *Open Mind*   CO-CREATING

VoC   SENSING   *Open Heart*   CRYSTALLIZING

VoF   *Open Will*
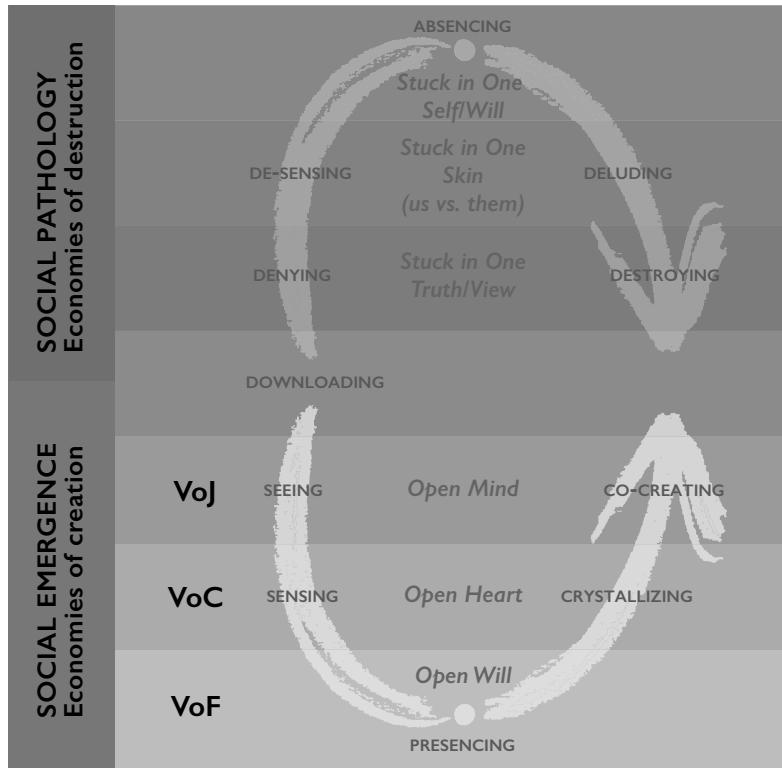
PRESENCING

FIGURE P.1: TWO CYCLES, TWO SOCIAL FIELDS: ABSENCING
AND PRESENCING

opening of the mind, heart, and will. By contrast, in the state of absencing, we operate with the opposite inner conditions: stuck in One Truth, stuck in One Collective Skin, and stuck in one Fanatical Will.

With those ideas in mind, let's revisit the three responses to disruption in the context of the inner conditions depicted in figure P.1. Whether in the Americas, Africa, Asia, Australia, or Europe, the public debate over all major issues—including climate change, the refugee crisis, terrorism, and many others—tends to fall into the following three categories of response:

1. **Muddling through**—I often call this response *downloading*. Everything proceeds the way it always has. More meetings. More declarations. More empty words. Think about the summits on refugees, poverty, war

in the Middle East, climate change, and most other matters concerning the global commons.

2. **Moving apart**—In the space of *absencing*, we recognize that the system is broken and that we can't continue on the same old path. But we see the problem as "them," not "us." So we build a wall around us to keep "them" out. Building a wall that separates us from them is literally what most of the candidates for the Republican presidential nomination in the United States and all the extreme right-wing leaders in Europe have argued for in recent history (2015–16). Historically, the Bush administration's response to 9/11 is another example: *bomb them to hell.* The results, twelve years and four trillion dollars later, after hundreds of thousands of deaths and the descent of an entire world region into chaos, will keep haunting us, as ISIS and other agents of terror are firmly grounded in the field logic of absencing.

3. **Moving together**—In the space of *presencing*, however, the walls come down and a new architecture of collaboration and connection takes shape. In dealing with any of the complex challenges of our time, very soon you realize that there is *nothing* any company or country can do alone, so sustainable solutions must include an entire global eco-system of partners and players. To do that well, we must become aware of our own role in co-generating the problem and then step up to co-create different ways of operating. In the case of the European refugee crisis, for example, Angela Merkel of Germany, Stefan Löfven of Sweden, and many citizens and NGOs have taken courageous steps in that direction. Yet, as the domestic backlash shows, reality is full of contradictions and keeps challenging all of us as the situation unfolds.

Reality cries out for the third view, for presencing. The first view, downloading, tries to deny that the system is broken. The second view, absencing, says OK, the system is broken, but it has nothing to do with us. Only presencing offers a viable way to engage with the full disruption that we face.

I remember interviewing a field rep for a global car company in the United States whose job was to handle customer calls about repairs and recalls. I

asked him to tell me how it worked. He said, "Well, it's always the same." The same what? "There are always the same three stages," he said. "Stage 1: the engineers in the company basically deny the problem. They claim that the customers have got it wrong. Then, a lot more data flows in. When it becomes impossible to keep denying the problem, they switch to stage 2, in which they accept that the problem exists but blame it on another department. Then, after another extended period, when the problem gets worse and the media reports become devastating, finally people are ready for stage 3. In stage 3 people stop blaming each other and say, 'Okay, we've got a real problem on our hands, we've got to fix it ASAP, how can we do it? Who can do what?'"

That sequence of stages, 1 to 3, is playing out not only in car companies, but also in our large public systems. Virtually all of the world's major challenges are handled in this way. But given the urgency of these challenges, how can we speed up the process of getting to stage 3? How do we get from denial and absencing to presencing?

The starting point is to realize that the line between presencing and absencing does not run between "us" and "them." It runs right through every single one of us; it represents the abyss that we face every day at all levels, from micro to mundo. Facing the abyss requires us to stop and *look in the mirror*, where we realize that *the issues outside are a reflection of what is inside us.* We must therefore shift the inner place from which we operate.

How do we do that? By facing the mirror and realigning our attention with our real intention. Image 4 (intention) depicts how some of this realignment takes place.

Institutional Inversion

The fourth observation concerns the phenomenon of inversion. Table P.1 summarizes the entire book in one page. I call it the Matrix of Social Evolution (thanks to my colleague and friend Claudia Madrazo for the term). In essence it traces the unfolding of evolutionary inversion.

Understanding the Matrix of Social Evolution could save you from reading the rest of the book. I believe that all people who are paying close attention

to their experience could fill in this table. The essence of the book has nothing to do with a single person; it is about making visible the deeper social grammar of our time, making visible the evolutionary grammar and trajectory of the collective fields that we enact as individuals, groups, institutions, and larger systems. If I were courageous, I wouldn't ask you to read this almost unbearably thick book, but would hand you this one empty matrix without any text and ask you to fill it in yourself.

Of course, as you can tell from the size of the book, I am not that courageous. But you could do it as an exercise now: look at the table and read the headings of the two main axes. Then take a blank piece of paper, add the headings, and fill in the blank matrix. If you attended carefully to all the subtle dimensions of our own experience, I am sure you would come up with something very similar to table P.1. The reason I am so sure is that I spent ten years of my life doing just that: hanging out with innovators and change-makers in the trenches, on the frontlines of social, economic, and cultural change, and asking questions, listening to stories, and trying to make sense of it all.

I never intended to invent anything. I just wanted to decipher what was already there—making visible what's hidden in plain sight or hidden by the layers of habitual conventional behavior. Some very experienced practitioners, after first seeing the U, grew silent and then said to me: "This is amazing, but it's not entirely new. I just didn't know that I know."

I just didn't know that I know. That's why I believe that most people with deep change or creative life experiences can fill out this matrix themselves—but many doubt they can do it because they don't know that they (already) know. For that reason I won't end the book right here.

Let's start with the two axes. The horizontal axis depicts four different levels of systems: micro (individuals), meso (groups), macro (institutions), and mundo (eco-systems), along with the four types of action that correspond with these levels: attending (micro), conversing (meso), organizing (macro), and coordinating (mundo).

The vertical axis spells out the level of awareness or consciousness from which each of these actions can be performed. The quality of results (and

Field: Structure of Attention	Micro: *Attending* (Individual)	Meso: *Conversing* (Group)	Macro: *Organizing* (Institution)	Mundo: *Coordinating* (Global System)
1.0: habitual awareness	Listening 1: downloading habits of thought	Downloading: speaking from conforming	Centralized control: organizing around hierarchy	Hierarchy: commanding
Suspending				
2.0: ego-system awareness	Listening 2: factual, open-minded	Debate: speaking from differentiating	Divisionalized: organizing around differentiation	Market: competing
Redirecting				
3.0: stakeholder awareness	Listening 3: empathic, open-hearted	Dialogue: speaking from inquiring others, self	Distributed/networked: organizing around interest groups	Negotiated dialogue: cooperating
Letting Go				
4.0: eco-system awareness	Listening 4: generative, open-presence	Collective creativity: speaking from what is moving through	Eco-system: organizing around what emerges	Awareness-based collective action: co-creating

TABLE P.I: THE MATRIX OF SOCIAL EVOLUTION

outcomes) in any kind of system is a function of the quality of awareness (or consciousness) used to perform these actions. *Form follows consciousness.* In other words, the quality of results is a function of the *vertical* positioning in the matrix.

While the horizontal levels are easily spelled out (micro to mundo), the vertical dimension of development seems at first slightly less straightforward. But when you get into the literature, from phenomenology to developmental psychology, from Husserl to Kegan, Graves, Beck, Cook-Creutzer, Wilber, and Torbert, and when you monitor your own experience, then you see that across all these traditions and lines of inquiry, people have come up with the same basic distinctions and markers of vertical development. Vertical development refers to the evolving self. In the Matrix of Social Evolution I have simplified the stages of development and states of consciousness to four basic modes that play out in front of our eyes, day in and day out. They are (the words in parentheses indicate the corresponding stages of the spiral dynamics framework):

1. habitual awareness: enacting patterns of the past—the universe as my mental projection (amber: traditional)
2. ego-system awareness: subject-object consciousness—the world as a set of things that are separate from myself (orange: achievement)
3. stakeholder awareness: the universe as a set of relationships that I can connect with (green: pluralist)
4. eco-system awareness: the universe as a field that is sensing and seeing itself and continues to emerge—through me (teal: evolutionary)

Looking into the matrix is like looking into a mirror of the collective. It shows the patterns that we create collectively when we enact the social field, moment to moment.

As we move down the matrix (micro to mundo), what actually happens? We see two things. On the one hand we see a profound *opening process*: the opening of our attention (open mind, open heart, open will), of our conversations (from downloading to debate, reflective dialogue, generative dialogue), of our ways of organizing (from centralized to divisionalized, to networked, to eco-system), and of our ways of coordinating (from hierarchy and competition to dialogue and awareness-based collective action). That profound opening process makes the boundary between system and self—which seems so impenetrable on level 1 or 2—permeable (level 3) and collapsing (level 4).

The other thing we see on all levels is a profound process of *interiorization*. This process includes how we attend (bending the beam of attention back onto the observing self), how we converse (moving from blaming others to dialogue—that is, making the system see itself), how we organize (from command and control to seeing ourselves through the eyes of our stakeholders), and how we coordinate (from the visible and invisible hand to making the system sense and see itself).

Taking these two things together, the process of *opening* and the shift in awareness toward *interiorization*, what do they add up to? What really happens to you when you move down the matrix? In one word: *inversion*. You go through a process of individual, relational, institutional, and systemic inversion.

Inversion is the process of turning something inside-out and outside-in. Both can happen at the same time. The inside-out part is the *opening*: open the boundary and move what used to be inside, out. The outside-in part is the *interiorization*: becoming aware of our deep interconnectedness with the world around us. If you do one without the other, if you open up to the outside without enhancing your capacity to interiorize, you generate stress and backlash that can result in absencing (for example, the refugee situation in Germany and Europe).

If you read the Matrix of Social Evolution vertically, you see the process of inversion in all four columns: Individual inversion is about the opening of the mind, heart, and will as a process of accessing the deeper and dormant levels of human intelligence. Relational inversion is about conversations that make a system sense and see itself (dialogue). Institutional inversion is about the journey of opening up our institutions and linking them to the intelligence that is embedded in the larger eco-system system around us (ego to eco). And systemic inversion is about evolving our governance from the old mechanisms (centralization and competition) to the new (making social fields to sense and see themselves).

Take a moment to contemplate where you see the inversion happening in your own context by looking at image 5 (inversion), including the quote in the caption from Goethe: "*Every object, well contemplated, opens up a new organ of perception within us.*"

Activating Global Social Fields

The fifth observation *concerns the phenomenon of activating global social fields.* Until last year, the number of students enrolled in my MIT class called "u.school" numbered 75 or so. A few months later, in late 2015, the u.lab course had 75,000 registered participants from 185 countries. Together they co-generated more than 400 prototype initiatives, more than 560 hubs, and more than 1,000 self-organized case clinic circles.

What explains the growth in group size from 75 to 75,000? One factor was moving the class from an MIT classroom to the open-access edX platform as

a MOOC (massive open online course). The other and more important factor is the connection and alignment of that platform with a larger movement of awareness-based change that is popping up in many places across the planet. Over the last ten years we have supported a number of these profound change initiatives that are part of this movement. (See this preface for some recent case studies.)

According to a survey we conducted at the end of the course, 93% of respondents found their experience "inspiring" (60%) or "life changing" (33%); and 62% of those who came into the u.lab without any contemplative practice developed one.

One-third of the participants had "life changing" experiences? How is that possible in a mere seven-week online course? The answer is: it's not. The u.lab isn't just an online course. It's an o2o (online-to-offline) *blended learning environment* that co-evolves with a movement in the making. It works only because it is embedded in a larger global movement that already exists. But: that movement is still dormant in many ways—it doesn't fully *know that it knows* it exists.

And that's where the u.lab (and *Theory U*) comes in. I have been blessed with many profound experiences in my life—and many of them are captured in this book. But of all these experiences, the recent launch of the u.lab is something special, because it's more collective, more global, and more radical in terms of connecting to highest future possibilities than anything I have experienced before. This book begins with a story about the fire on our family farm (chapter 1). The story of the u.lab really brings that whole journey, which started with the fire on the farm, full circle.

Let me explain by using image 6 as my reference point.

↺

In image 6, (social field) Kelvy captures the final u.lab live session on December 17, 2015, which was co-staged from MIT in Cambridge, MA, Edinburgh, Scotland, and São Paulo, Brazil, and attended by hub communities around the world. The drawing captures the journey we are on—it's the journey of u.lab, but it's also the journey of this book and the movement it reflects:

Left side: *where we are coming from*—bringing together different movements and streams, including civil society, mindfulness, and action research, in order to jointly address the deeper challenges of our time (the three divides);

Center: *our current work*—cultivating the soil of the social field, which in essence is about speeding up the process of moving from (1) denial to (2) debate, then finally to (3) dialogue by cultivating the inner place from which we operate;

Right side: *where we are going*—the emerging field of the future, with an awakening ego-to-eco movement at its root.

If you look more closely at the left side of the image, you will see the merging of three rivers into a single stream (civic engagement, mindfulness, action research) and a farmer using his plough to cultivate the soil of our planet (which is what I saw my parents doing their whole lives).

In the center of the drawing is the *social field*. My job—and the job of all leaders, facilitators, movement builders, and citizens of this earth—is to cultivate the soil of the social field. But how do we do that? What is the functional equivalent of the farmer's plough?

The plough tills the soil of the farm. But what tills the soil of the social field? It's the capacity to turn the camera around and to look into the mirror of the collective—*to see yourself through the eyes of the whole*. That pivotal entry point is depicted between the farmer and the beginning of the U-shape.

On the right side of the drawing you see an arrow labeled "unfolding future." The existence of a field of the future is not just an extension of our past actions. In fact, it has nothing to do with extending the past. It is a field of future possibility that opens up possibilities in the here and now. That's how it feels anyway. And that's why the subtitle of this book is "Leading *from* the Future as It Emerges."

Earth Rising

Very often our sense of future possibilities is vague and amorphous. We can *feel* the future. But we cannot *see* it and *specify* precisely what it is. Yet the

real-time connection to that space is the lifeline that guides us. That condition is wonderfully depicted in image 7, which captures a global u.school ecology meeting in Berlin during the summer of 2015. We used that meeting to make sense of the u.lab MOOC prototype and to set the intention for the way forward.

↺

Having grown up on a farm, I still remember what it feels like in the spring. One day you look at a field and see nothing, and the next day suddenly the same field is covered with sprouts that have just pierced the surface. *That* is what the launch of the u.lab MOOC felt like to me. Before 2015, I and my colleagues were busy with plenty of projects and programs all over the world. But were they connected? Not really.

Then, during the launch of the u.lab MOOC, something happened. Katie, a u.lab Hub host from Australia, put it this way: "It felt as if something got inverted. Something that wasn't visible before suddenly showed up and became visible to everyone. A vibrant field of connections among people, circles, and initiatives—head to heart, heart to heart, and heart to hand. All of it!"

We learned that it is possible to link two elements in a new way: (a) *massive democratization* of access to free education, methods, and tools, and (b) the activation of a *deep learning cycle* that combines a shift of awareness through concrete projects and local work. Given that MOOCs operate at a marginal cost that is close to zero, this blend offers unparalleled opportunities for impact on a multi-local, global scale in mobilizing collective change that is based on cultivating the inner sources from which we are operating.

Image 8 shows the footprints and essence of that u.school ecology gathering in Berlin. It shows:

- on the left side: where we are coming from
- in the center: our current work of cultivating the social soil
- on the right side: where we are heading, a sphere of possibility—
earth rising.

Social Presencing Theater

While image 1 (threshold) depicts the chasm that we collectively face *before* crossing it, images 6 (social field) and 8 (u.school ecology) show the mid-process view—and what is emerging now, the *earth rising* ...

The difference between these perspectives sums up the shift that happened between then (1996, when I started writing this book) and now (2016). That shift is not just about the rise of mindfulness, disruption, absencing, inversion, and social fields. All these observations are just pointers. What do they point to?

They point to a greater capacity to connect to our deeper sources of knowing and being, not only individually, but also collectively. The contribution of this book is (a) that it spells out the framework of consciousness-based systems change (matrix of social evolution) and (b) that it provides a path, a "social technology" that allows us to operate from the entire spectrum of the matrix, rather than being confined into subsets of it.

These methods and tools in the form of principles and practices are reviewed and updated in the closing part of the book.

One of the most important advances that we have made with methods concerns Social Presencing Theater. Under the leadership of my colleague and co-founder of the Presencing Institute, Arawana Hayashi, we have developed Social Presencing Theater from a mere idea into a powerful methodology that more and more practitioners are using in many different forms and applications. You can learn more about it when you join the u.lab[1] or visit the Presencing Institute website.[2]

Social Presencing Theater is key for our practical work (see for example the more recent case studies that are summarized in this preface) because it makes the system sense and see itself in ways that are fast and deep and provides a concrete language for the deeper evolutionary dynamics of the field.

Reintegrating Mind and Matter

Three meta-narratives run through this book—and through my life.

The first one is the meta-narrative of the *field walk*. On Sundays as I was growing up, my parents often took me and my siblings on a walk through

the fields on our farm. This book is about a walk through the social field where, as we did on the farm, we investigate the conditions of the soil.

The second meta-narrative is the *reintegration of matter and mind*. Early in the book I tell a story about Master Nan in China, who claimed that there is only one real issue in the world: the reintegration of matter and mind. *Theory U* investigates that question: if the challenges that we can observe on the surface (the three divides) are the result of a split on a much deeper level, how can they be reintegrated? Can we actually reintegrate "matter" and "mind" in the context of collective social fields?

The third meta-narrative is the story of the *fire* in chapter 1. It's the story of a profound experience of disruption, of *letting go* of one world and reality in order to *let come* another one and step into it. That story now plays out on many levels of disruptive change, from local to global.

How do these three meta-narratives connect? They are not three but one—three different aspects of the same deeper shift. The cultivation of the social field aims to reintegrate matter and mind on the level of the collective (see level 4 in the Matrix of Social Evolution). At the heart of the process we go through the bottom of the U, that is, through an experience of letting-go of old ways of operating and letting-come an emerging future that stays in need of us in order to come into reality.

Action Research

Through action research initiatives, we continue to learn about the conditions and capacities necessary to lead profound change as documented in the book co-authored with Katrin Kaufer, *Leading from the Emerging Future*. Here are a few examples, many of which are still unfolding as of this writing in early 2016.

Scotland

The Scottish government is using the U process—and specifically, the u.lab MOOC—to pioneer a new, more participatory approach to community empowerment and improving outcomes. In January 2015, five Scottish civil servants enrolled in the u.lab MOOC and found it transformational. Using the principles of the U process, they organized public events designed to co-initiate the next u.lab journey (see chapter 21 for details on co-initiation), to

equip citizens in communities across the country with U-based methods and tools for turning their ideas for change into action.

The small core team in the government first held an information session with civil servants, followed by three full-day community events open to the Scottish public. As a result, 1,000 Scottish citizens participated in the u.lab MOOC in September 2015. Participants self-organized into at least seventy action learning hubs, each of which brings together communities of place or interest, all across Scotland, supporting a diverse range of change activity: from efforts to tackle global climate change to improving services and creating jobs in specific localities.

Brazil

Two years ago, Denise Chaer, a young Brazilian entrepreneur, attended a week-long foundation program on the U process in São Paulo. Afterward she said, "during that week, an idea that I could feel but not articulate started to take shape." Her vision was to shift the patterns of consumption and social relations in cities in Brazil, and to do this using the U process.

Today, Denise heads up a cross-sector dialogue platform to promote social innovation called Novos Urbanos that to date has focused on one aspect of consumption behavior—sustainable food and nutrition—for São Paulo, Rio de Janeiro, and other parts of Brazil. Novos Urbanos has brought together forty organizations and people from all sectors in the food system, including major multinational food companies, academics, grassroots organizers, and representatives of city and national government, to co-create new prototype initiatives to address this complex systemic challenge.

Two of the prototypes are located in Capão Redondo (around 275,000 inhabitants), which in the past was considered one of the world's most violent neighborhoods. They are focused on food sovereignty and helping to eliminate "food deserts," which are especially prevalent in vulnerable communities. Another prototype is an advocacy campaign that seeks to motivate consumers to buy more fruits and vegetables in the markets. Novos Urbanos created a video about healthy eating for children that was viewed 120,000 times in its first five days online.[3] As of early 2016, the biggest retail chain in Brazil, Grupo Pão de Açúcar, is promoting this campaign in 195 stores in

Rio and São Paulo, and Novos Urbanos is part of Brazil's National Food Communication Network, a group hosted by the Ministry of Social Development that includes representatives from civil society and federal government who think about the role of communications in food security and sovereignty in Brazil.

Finance Lab: Just Money — Banking as if Society Mattered

As intermediaries in our economy, banks play an essential role in society. As we saw during the financial crisis of 2007–08, banks do not always fulfill this role in a responsible way. Their failure can pull down the entire economic system, and with that, society as a whole. The allocation of capital is one of the strongest determinants of what our future society will look like. Decisions about who gets a loan and who doesn't, or who earns equity and who doesn't, affect the future that we are creating.

Guided by Presencing Institute co-founder Katrin Kaufer, the Finance Lab is a collaboration among the MIT Community Innovators Lab (CoLab),[4] the Global Alliance for Banking on Values, and other partners in the field of socially responsible investment and banking. Using the U process, the Lab supports banks that operate with this awareness and make their loan and investment decisions in consideration of the triple bottom line: people, planet, and profit.

In 2015, the Finance Lab's work included a year-long, U-based company-wide strategy reinvention process for values-based banks in Europe. One of the banks involved, GLS Bank, created prototypes around new financial products for refugees, launched an initiative for quality journalism, and held a forum for social entrepreneurs. These initiatives reflect the new strategic role for socially responsible and green banks that moves beyond financing and includes identifying lead social innovators and help them to come to scale. The Finance Lab also created learning communities between young leaders of socially responsible and green banks around the work.

China

Facilitated by Lili Xu Brandt, the Chinese u.lab community grew in less than a year from nothing to over 8,300 u.lab participants, over 100 hubs in 25

cities, and organizational participation that includes major global companies such as Alibaba, major state-owned enterprises such as ICBC, as well as provincial government agencies and highly innovative civil society organizations such as A-Dream. Much of the growth was driven by the u.lab MOOC.

Ongoing work for 2016 includes:

- A year-long cross-sector innovation journey on reinventing Shanghai (sponsored by the Shanghai provincial government)
- A year-long cross-sector innovation journey on co-shaping the Jingjinji vision, a major sustainable megalopolis initiative with 110 million inhabitants (sponsored by the central government)
- A year-long cross-sector innovation journey on reshaping the role of philanthropy and civil society in China

The Bronx

The MIT Community Innovator's Lab (CoLab) is housed in the MIT Department of Urban Studies and Planning. It uses Theory U methods and tools to empower urban renewal initiatives such as the Bronx Cooperative Development Initiative (BCDI). Taking its inspiration from the Mondragon Corporation in Spain's Basque region, BCDI focuses on a local economy that generates shared value and well-being for all people in the Bronx.

By virtue of its location next to Manhattan, the Bronx is awash in some types of wealth. It has intelligent, creative, and ambitious people. Local museums, universities, and hospitals spend billions each year on procurement, hiring, and facilities. Many social, cultural, and community organizations enliven the community. But despite all of these assets, the Bronx is the poorest urban county in the US as measured by household wealth. And it has some of the nation's worst health and educational outcomes.

The key to collective positive impact lies in better social and economic coordination. Using U method–based stakeholder engagement strategies, BCDI is building a range of coordination mechanisms: an *economic democracy training* series to help residents understand how to take back the reins of the local economy; a *community enterprise network* that will drive local planning, coordi-

nation, resource sharing, and decision making; an *online procurement platform* that connects small and minority-owned enterprises to big institutions' procurement streams; an *effort to reduce respiratory illness and cut health costs* by identifying and remediating "sick buildings" that repeatedly send residents to hospital emergency rooms; and an *energy efficiency effort* targeting churches and multifamily homes that will provide business opportunities for local contractors. In the years ahead, these mechanisms will support local residents' efforts to reshape the local economy to produce well-being for all the borough's residents.

Eileen Fisher and the Global Wellbeing Lab

In 2013, Eileen Fisher, founder and chairwoman of Eileen Fisher Inc., a women's clothing brand in the United States, went on a U process journey through the "Global Wellbeing Lab."[5] This journey convened 25 change makers from different sectors and countries who were interested in exploring, advancing, and co-creating new ways of measuring and generating well-being. The heart of the program is a U-based immersion journey to Bhutan that exposes participants to that country's gross national happiness (GNH) practices in government, business, and communities.

"Before the trip," Eileen said, "I knew I wanted to change something within my company. I just wasn't exactly sure what or how. The experience in Bhutan made me think about the true sources of individual creativity and its role in business, as well as about the role of business in society." Eileen teamed up with another participant from the lab, Marcelo Cardoso, then senior vice president of Natura, a Brazil-based leader in corporate sustainability, who helped her and the company to embark on a new journey of transformation, one that focuses on using personal transformation as a gateway to institutional and systems transformation.

At the beginning of their journey they focused on individual transformation and on exploring different approaches to transformation and change. For example, at Eileen Fisher, each team meeting starts with a moment of silence in order to focus on what's essential. Later in the journey they involved many stakeholders to re-imagine the purpose and vision of the company, linking it

essentially to the well-being of its members and the whole. From there they started to reframe the company's strategy and structure by making the well-being of the entire eco-system more central to the business practices. As a consequence, the company became a Certified B Corporation, thereby committing to a Triple Bottom Line philosophy within which, employee well-being became one of four KPIs, along with eco-materials, supply chain fair wages and overall revenues/profitability. This model affirmed the company's bold environmental and social goals for the year 2020 and beyond whereby Eileen committed to engaging with suppliers, brands and other stakeholders within the fashion industry for industry-wide transformation.

Eileen Fisher is a new type of business entrepreneur who sees the purpose of business in a different way: not only—or not even primarily—as a mechanism for generating profits, but essentially as a vehicle for movement building, as a vehicle for unleashing and realizing human creativity in order to make the world a better place. The U process methodology is part of the enabling operating system on that journey.

IDEAS

Another powerful confluence of different streams has happened through the MIT IDEAS program. IDEAS is an acronym for Innovative Dynamic Education and Action for Sustainability. Ten years ago, my colleagues Peter Senge and Dayna Cunningham and I set out to bring together a diverse group of young change makers and major institutional players from business, civil society, and government. The purpose of this nine-month experimental journey was not to solve problems but to organize around collaborative opportunities: by exploring the edges of our systems and of our selves in order to generate profound new ways of operating.

Rather than telling people what to do and what to focus on, we tried something different: bringing people together and sending them on a journey that exposed them to some of the raw, unfiltered experiences in today's world. We offered them methods to process these experiences by listening with their minds and hearts wide open, and then offered them tools to address the two root question of creativity: *Who is my Self*? *What is my Work*? Then they started to co-create platforms of cross-sector prototyping to learn by doing.

Ten years on, I realize that this initiative, which was not single-problem-driven in any way, but was generated by a mix of aspiration and desperation (frustration with a lack of systemic change), has probably been one of the two most influential initiatives in my life to date.

Why?

Because it switched on a powerful *field of inspired connections*—people connecting with each other in new ways around real issues.

MIT IDEAS has generated a powerful global eco-system of projects, prototypes, living examples, and inspired networks that keep producing new initiatives and ideas. It doesn't show any signs of stopping. Two of the most powerful outgrowths of this generative eco-system are the MIT IDEAS Indonesia[6] and MIT IDEAS China programs and communities of practice.

IDEAS China is still in the early stages, and emerging stories and impact can be found on my blog.[7] In Indonesia, the current prototype initiatives include (1) a market-driven transformation of Indonesia's seafood supply chain for sustainable fisheries and (2) the co-development of ecosystem tourism on Kaledupa Island in the Regency of Wakatobi with the new Directorate in Indonesia's Ministry of Tourism. Both of these prototypes embody key goals of the CTI (Coral Triangle Initiative).

Namibia

Our work on the health care system in Namibia started as a partnership between the Synergos Institute, McKinsey & Company, and the Presencing Institute. In the fall of 2010, I conducted a three-day workshop with the cabinet of Namibia. On the first day one of the members of the cabinet explained to me the core issue they were confronted with, as he saw it: "We need to reconnect our political process to the real needs of the communities. Right now our political process is largely disconnected from the real needs in the villages."

All of the government leaders in the room agreed that this was the most important disconnect they were dealing with: the disconnect between their government routines and services on the one hand and the actual needs of the village communities on the other hand. They described additional challenges: a disconnect between themselves and civil servants, and the pervasive

"silo" issue that fragments the work of government agencies in many places. "The silo issue starts right here, between us," she said, and looked into the faces of her colleagues, "because we do not really talk straight with each other. It starts with us and then the same behavior gets replicated throughout our ministries." The silo issue impedes communication between ministries, as well as inside the ministries.

Our work with the Ministry of Health and Social Services confirmed the existence of these divides. We started with a joint assessment of the situation. We identified weak leadership; work processes separated into silos; dysfunctional structures; no strategic planning; no proper data collection; no clear targets; off track to meet the Millennium Development Goals (MDGs).

After four years of collaboration, several of these problems have been successfully addressed, though many will require further work, now supported by a local team that we trained. Throughout this process, however, something very important has changed. Namibia's leaders have begun to recognize their own role in perpetuating the problems and are willing to work on innovative solutions.

Moving Forward

As these examples illustrate, in the ten years since the first edition of this book was published, practitioners around the world have adapted and applied the U process to an amazingly diverse number of innovation projects in business, government, and civil society—as well as in contexts that bring key stakeholders from the various sectors together. Through these action research initiatives, we continue to learn about the conditions and capacities necessary to lead profound change as documented throughout this book. The epilogue provides more details about these more recent case studies. These stories are just a few of the many examples that have taken root and started to scale since the first edition of this book.

At the bottom of image 8 you can see eight words that sum up, more from a personal perspective, the journey of the past twenty years:

New Soil. New Seeds. New Connections. New Ecology.

Many years went into cultivating the new soil. And then, when we got lucky, some small seeds sprouted. For many years we did just that. But then, more recently, we realized that all these initiatives and projects, often small in scale, are part of something larger, or part of a larger movement that was beginning to take shape. Connecting all of the seeds and initiatives became the new theme. The next step was to help bring all these different streams together in a larger ecosystem or movement. The result is a new ecology that is now starting to become more visible. It's a movement that creates social change by shifting the inner place from which we operate from ego to eco. How? By making the systems of which we are part sense and see themselves.

This brings us back to the end and the beginning—to our choice to look into the mirror—or not. I wrote this book to outline the method and framework that innovators across generations have used to connect with emerging possibilities and bring them into reality. I hope that reading it will help you align your own choices more fully with your deeper intention—and with those of our fellow travelers. The evolutionary inversion of our social fields is a reality today, even though not seen or recognized by many. This makes the *earth rising* a real possibility. But for it to happen, we have to wake up and rise in many ways first. That's the deeper intention of this book—and the global u.lab community of practice that's available for you to join.

For how to connect:

www.presencing.com

For how to read the book:

Quick essence and overview: Introductions, chapters 1–2, and Epilogue (core chapters),

Wanting to see the essence come alive: continue with chapters 8–14

Interested in consciousness-based social fields: chapter 15

Methods and tools: chapter 21

Way forward: Epilogue

Glossary

Index

This page intentionally left blank

Foreword

PETER M. SENGE

longtime mentor of mine once said that the greatest of all human inventions is the creative process, how we bring forth new realities. Understanding the creative process is the foundation of genuine mastery in all fields. This knowledge is deeply embedded in the creative arts and, though rarely spoken of, defines those moments "where there is magic in the air" in theater, music, dance, and sports. It pervades the mysterious state of surrender whereby, in Michelangelo's words, the sculptor "releases the hand from the marble that holds it prisoner" or, in Picasso's statement, "the mind finds its way to the crystallization of its dream." It plays no lesser role in science; as the economist W. Brian Arthur states: "all great discoveries come from a deep inner journey." Against this backdrop of deeply shared but largely esoteric knowledge, Otto Scharmer suggests that the key to addressing the multiple unfolding crises of our time—and the future course of human development—lies in learning how to access this source of mastery collectively.

Two predominant strategies characterize reactions to the unfolding environmental and social breakdowns evident in climate change, political paralysis and corruption, spreading poverty, and the failures of mainstream institutions of education, health care, government, and business: "muddling through" and "fighting back." Muddling through is the strategy that characterizes most of us in the rich northern countries. It embraces a combination of working to preserve the status quo combined with an almost hypnotic fascination with wondrous new technologies that, so the belief goes, will solve our problems. Fighting back, as is evident in the vocal protests of millions of people around the world opposed to the "Washington consensus" view of globalization, combines a longing for an earlier social and moral order with anger at having lost control over our future.

But beyond surface differences, the two strategies and their adherents are not as dissimilar as they may first appear. Many—perhaps most—of the "muddlers" share a pervasive uneasiness. This is evident in anxiety about the future, growing dissatisfaction with and distrust of virtually all social institutions, and withdrawal from public discourse and civic engagement. Even those who say little about it sense that deep imbalances exist in the global industrialization process and that these threaten to worsen. But there is little hope that anything can be done about them; hence we "carry on carrying on." Perhaps the ultimate irony is that even the most ardent technological optimists feel deep down that the course of technology development shapes itself and that there is little that can be done about it. Likewise, many of those fighting back share similar fatalistic feelings of trying to stop immutable forces, as evidenced by the anger and violence of their actions. As a dear friend and recognized leader in the environmental movement recently confided, "I am becoming convinced that many of the most aggressive environmentalists believe that the human species is deeply flawed and does not deserve to survive." Last, both strategies are anchored in the past: advocates of the status quo future basically extrapolate what they regard as positive trends from the past; opponents fight these trends.

Otto Scharmer's Theory U embodies a third view, one that I believe is growing around the world. This view holds that the future will, inevitably, be

very different from the past, simply because the predominant trends that have shaped global industrial development cannot continue. We cannot continue to concentrate wealth in a world of growing interdependence. We cannot continue to expand the "take, make, waste" industrial model in a world where there is, increasingly, no "away" to throw our waste and toxins to. We cannot continue to put more and more carbon into the atmosphere, when carbon dioxide concentration is already 30 percent higher than at any time in the past 450,000 years and carbon dioxide emissions are already at three to five times the rate at which the substance is being removed from the atmosphere. Second, this view holds that we are not powerless to alter the dominant trends of the industrial age. These trends are based not on the laws of physics but on human habits, albeit habits on a large scale. These habitual ways of thinking and acting become embedded over time in social structures we enact, but alternative social structures can also be created. Achieving the changes needed means nothing less than "creating the world anew," based on a radically different view, as you will see below, of our collective capacity to, as Martin Buber put it, "Listen to the course of being in the world ... and bring it to reality as it desires."

As a friend and partner of Otto Scharmer for more than ten years now in developing this work, I have been waiting for this book, as have many of our colleagues. Without question, we regard Otto as the premier theorist of the "U methodology." Moreover, his extensive practical experience, especially in long-term systemic change projects, gives him a unique depth of understanding of the challenges and possibilities of applying the methodology.

Those of us involved with this work also have come to appreciate that understanding and gaining proficiency as a practitioner with the U methodology take time. I think this learning starts with thinking seriously about a few basic ideas, and I think the book will help a great deal with this.

First, in every setting, from working teams to organizations to larger social systems, there is much more going on than meets the eye. Many of us have known firsthand the excitement and energy of a team that is deeply engaged in its work, where there are trust, openness, and a pervasive sense of possibility. Conversely, we also have seen the opposite, where fear and

distrust pervade and where each statement has thick political overtones of defending one's position or attacking others'. Scharmer calls this the "social field" and has, to my mind, unique insights into how it arises and can evolve.

Sadly, mostly it does not evolve. The social field of most families, teams, organizations, and societies remains largely unchanged because our level of attention renders it invisible. We do not attend to the subtle forces shaping what happens because we are too busy reacting to these forces. We see problems, then "download" our established mental models to both define the problems and come up with solutions. For example, when we listen, we usually hear very little other than what we have heard before. "There she goes again," calls out the voice in our heads. From that point onward, we selectively hear only what we recognize, interpret what we hear based on our past views and feelings, and draw conclusions much like those we have drawn before. So long as this level of listening prevails, actions tend to preserve the status quo, even though the actors may sincerely espouse an intention to change. Change efforts that arise from this level of attention usually focus on making changes in "them" or in "the system" or on "implementing" a predetermined "change process," or in fixing some other externalized object—rarely on how "I" and "we" must change in order to allow the larger system to change.

When the "structure of attention" moves deeper, so too does the ensuing change process. Here Scharmer identifies three levels of deeper awareness and the related dynamics of change. "Seeing our seeing," so to speak, requires the intelligences of the *open mind*, the *open heart*, and the *open will*.

The first opening arises when people truly start to recognize their own taken-for-granted assumptions and start to hear and see things that were not evident before. This is the beginning of all real learning and a key, for example, for a business attempting to decipher significant changes in its environment.

Still, recognizing something new does not necessarily lead to acting differently. For that to happen, we need a deeper level of attention, one that allows people to step outside their traditional experience and truly *feel* beyond the mind. For example, countless businesses have been unable to change in

response to changes in their environments even though they recognize those changes intellectually. Why? As Arie de Geus, author and former planning coordinator at Royal Dutch Shell, says, "the signals of a new reality simply could not penetrate the corporate immune system." Conversely, when people living inside a shifting reality begin to "see" what was previously unseen *and see their own part* in maintaining the old and inhibiting or denying the new, the dam starts to break. This can happen in a company or a country. For example, in my experience, this deeper seeing began to occur widely in South Africa in the mid- to late 1980s and is happening in many parts of the world today. This requires people from many different parts of a society, including many within the power establishment, to "wake up" to the threats they face if the future continues the trends of the past. In South Africa, enough people started to see that the country simply had no future if the apartheid system stayed in place and that they were part of that system.

When this sort of waking up starts to happen, it is crucial that people also "see" that the future could be different, lest they either be paralyzed by the new awareness or react in ways that still preserve the essence of the old system. By this "seeing into the future," I do not mean they are convinced intellectually that something can change. We all know what it means to nod our heads and then go right back to doing what we have always done. Rather, a third level of "seeing" can unfold that unlocks our deepest levels of commitment. This *open will* is the most difficult of the three shifts to explain in abstract terms, but it can be powerful and self-evident in concrete terms. For South Africans over twenty years ago, I believe it unfolded in whites' and blacks' discovering their love for their country—not for their government or established systems, but for *their country itself*. I heard this expressed first in many conversations with white South Africans, who, to my surprise, declared that they were "Africans," that they felt deeply connected to the land, and the place, and the people of the country. This deep connection to place existed for most black South Africans as well, despite their oppression. I truly believe that the new South Africa was forged through this common connection, this deep sense that it was an almost sacred duty to create a country that could survive and thrive in the future—and only together could this be done.

The open will often manifests in the sense that "This is something that I (or we) must do, even though the 'how' may be far from clear." I have often heard people say, 'This is something I cannot not do.'" As our colleague Joseph Jaworski says, "We surrender" into this sort of commitment. This is similar to what others have termed "recognizing a calling," although many times I have heard people speak of this without the parallel understanding of the open mind and the open heart. When responding to a "calling" is not coupled with the continual opening of the mind and heart, commitment easily becomes fanatical obsession and the creative process becomes a distorted exercise in willpower. A key feature of Theory U is the connection of all three openings—mind, heart, and will—as an inseparable whole.

When all three levels of opening occur, there is a profound shift in the nature of learning. Virtually all well-known theories of learning focus on learning from the past: how we can learn from what has already happened. Though this type of learning is always important, it is not enough when we are moving into a future that differs profoundly from the past. Then a second, much less well-recognized, type of learning must come into play. This is what Scharmer calls "learning from the future as it emerges." Learning from the future is vital to innovation. Learning from the future involves intuition. It involves embracing high levels of ambiguity, uncertainty, and willingness to fail. It involves opening ourselves to the unthinkable and sometimes attempting to do the impossible. But the fears and risks are balanced by feeling ourselves part of something important that is emerging that will truly make a difference.

Finally, the theory and methodology of the U have a great deal to say about the nature of leadership, especially leadership in times of great turbulence and systemic change. This leadership comes from all levels, not only from "the top," because significant innovation is about *doing* things differently, not just *talking* about new ideas. This leadership arises from people and groups who are capable of letting go of established ideas, practices, and even identities. Most of all, this leadership comes as people start to connect deeply with who they really are and their part in both creating what is and realizing a future that embodies what they care most deeply about.

Though these ideas are critical elements of Theory U, what is especially important is that they are not just theory. They have arisen from extensive practical experience with the U methodology. Woven throughout the following chapters are stories about and reflections on long-term change initiatives in business, health care, and education. For example, the largest systemic change project I have yet seen, the Sustainable Food Laboratory, today involves more than fifty businesses and nongovernmental and governmental organizations working together to address the forces driving global food systems in a "race to the bottom" and to create prototypes of alternative, sustainable food systems. You'll also find here other examples that cover health care, education, and business innovation. While practical know-how in implementing Theory U is still in its infancy, these projects demonstrate clearly that these principles can be translated into practice and that, when this is done, they reveal immense capacities for changing social systems that previously appeared to many to be unchangeable.

There are many encouraging systemic change initiatives in the world today. Yet what is largely missing is a way to develop the capacity to develop collective wisdom across diverse settings and involving diverse organizations and actors, especially in the context of confronting multisector, multistakeholder challenges. What do you do when confronting such a problem? Theory U suggests that the basic procedure to shift social fields is the same across all levels, from teams to organizations to larger social systems, even to global systems—laid out in a summary of twenty-four principles and practices in the last chapter of this book. I see these not so much as the "final word" but as an extraordinary protocol to engage many of us who are active in forging a social technology for real leadership.

Finally, a word to the reader. This is an unusual book because it lays out theory and method in equal proportions. Although many academic books expound theories, they usually represent their authors' thinking but not their lived experience. On the other hand, most management books are full of purported practical ideas but very light on where these ideas come from—the presumption apparently being that most practical people are too busy fixing problems to have much interest in serious thinking. In the pages that follow,

Otto Scharmer shares his autobiography with us. And his blind spots. He encourages us to look at the problems we each face, and learn to recognize that they arise from systematic blind spots in our thinking and ways of doing things. When that is the case, new tools and techniques applied from within the same mental models and ways of operating are not likely to produce much real change. As he illustrates, we all need alternative ways forward, and the U model is one.

Integrating theory and method places real demands on the reader, and this undoubtedly is why such books are rare. They require us to be both open to a challenging intellectual journey and to be willing to form our critical understanding based on testing the ideas in practice. Too many books continue the "downloading" of unexamined assumptions and beliefs, even while challenging us intellectually with new ideas. The question is always one of practice—of doing, not just thinking. So consider yourself warned. To truly benefit from this book on Theory U, you must be prepared to undertake *your own journey* of sensing, presencing, and realizing.

In this sense, this is a book for those whom my MIT colleague, Donald Schön, called "reflective practitioners," managers, principals, team leaders, government officials, and community organizers who are far too committed to practical results and dissatisfied with their current capabilities to rest on past habits; pragmatic, engaged people who are open to challenging their own assumptions and listening to their deepest inner voices. For it is only through this listening that we will unlock our collective capacity to create the world anew.

Acknowledgments

In preparing the second edition of this book, I have been enormously helped by the entire u.lab and Presencing Institute core team. The artwork from Kelvy Bird, for example, adds a new and deeper dimension to this book: the aesthetic dimension that activates the intelligence of our senses, of our heart. True art never just represents—it's an act of spirited cocreation. With your images, Kelvy, you brought this spirit's force into this book. Thank you!

But then there are many other less visible contributors to this book. All the case stories are real life stories with a whole community of often unseen change-makers contributing in many significant ways. The evolution of the global field of presencing practice, which this books documents and reflects, is by definition a collective endeavor—impossible for any single individual to capture and embrace. Thus, a product like this book is first and foremost a collective accomplishment. My deep gratitude goes to the u.lab and Presencing

wonderful fellow travelers on this journey—helping and holding the birth of a new global field.

My final thanks goes to Janice Spadafore, who somehow manages to instill some structure and order into all the above.

Thank you all!

Cambridge, Massachusetts, January, 2016

Acknowledgments for the First Edition

"Dad, will you ever be finished with that book?" I completed the first draft of *Theory U* when our nine-year-old daughter, Hannah Magdalena, was born. She and her younger brother, Johan Caspar, have lived with it all their lives. In the meantime, they have both produced numerous handwritten "books," graciously reminding me of my own uncompleted project. Now that it's completed, my first and foremost thanks go to Katrin and our children, Hannah and Johan Caspar, who, all three, have never given up on me over the past ten years.

I want to express my deepest appreciation to a unique circle of colleagues and friends with whom I have had the privilege to work over the past couple of years and who helped me to become aware of and clarify the various key elements of the theory that is outlined throughout this book. This circle includes:

Joseph Jaworski, who coined the notion and practice of sensing and who taught me many things on the journey, including what it takes as an individual to connect and operate from source;

Peter Senge, who inspired my thinking about a deeper view on social systems, namely, that the real issue of systems change is the split between matter and mind that we collectively enact in the various social systems. Peter encouraged me to stick to the term "presencing," even though I got a lot of negative feedback when I first started using it. In my joint work with Joseph and Peter, we refined and sharpened many of the initial core ideas that underlie the U process, as we documented in our book *Presence: An Exploration of Profound Change in People, Organizations, and Society*, which

we co-authored with Betty Sue Flowers. Peter's work brought me to the United States, and his partnership and friendship have been crucial to the work that led to this book;

Ikujiro Nonaka, who has inspired my thinking by his work on *ba*, the Japanese word for "place," which represents the quality of a social field in which the split between matter and mind on a collective level does not apply, and his continued integration of deep philosophical and management thought (as exemplified in his concepts of tacit knowledge and phronesis). Jiro has supported my work through personal encouragement and friendship over many years;

Edgar Schein, who, with his living, teaching, and embodying of his Process Consultation philosophy, has not only provided the backbone for all of my consulting work but also, particularly through his principles of process consultation, has created a real parent discipline for the U process of presencing that continues to inspire and influence my work;

Katrin Kaufer, who has been a major thinking partner in the process of articulating Theory U and has greatly contributed to clarifying the core concepts that underlie this work. Among others, she made me aware of the fire story (in chapter 1) and how it exemplifies the two types of learning. Katrin has also provided much of the leadership in various research projects that now have led to the formation of the Presencing Institute, which we have founded to function as a vehicle for investigating and developing the foundations of presencing and leading profound change;

Ursula Versteegen, who has been my close colleague in various significant projects of presencing-based systems transformation and leadership capacity building programs and who co-developed with me the practice of deep-listening and dialogue interviews;

Judith Flick and Martin Kalungu-Banda, who are my colleagues in using the U process approach in a multistakeholder project on beating HIV/AIDS in Zambia and to whom I owe much of my understanding of profound multistakeholder innovation under the conditions of pandemic challenges, systemic breakdowns, and social disintegration;

Dayna Cunningham, who leads and co-creates with me and others the global ELIAS project and who has helped me understand and refine the use

of the U process in the context of marginality and massive structural and cultural violence;

Beth Jandernoa and the Circle of Seven, who are described in Chapters 10 and 11 in detail and to whom I owe a lot of my understanding of the collective dimension of operating from source—presencing—and what practices it takes to cultivate the collective holding space. They practice this discipline faithfully, and I am grateful that they have held me and this writing project over the past two years;

Charles and Elizabeth Handy, who always encouraged me to keep going and who suggested I use the term "blind spot" as a key phrase as well as an anchor concept of the book;

Ken Wilber, who made me aware of the distinction between *states* of consciousness and developmental *stages* and who suggested that the different levels of the U coincide with different states of consciousness that he has found across all cultures and wisdom traditions;

Nicanor Perlas, to whom I owe the concept of threefold and trisector collaboration among the three sectors of business, government, and civil society;

Ekkehard Kappler, to whom I owe nearly all my insights and practices about the university of the future and who pioneered the concept of higher education as the "praxis of freedom" in which studying does not mean "to fill a barrel" but "to light a flame";

Arthur Zajonc, to whom I owe the deepening of my understanding of the Goethean method of science and how it evolved in the work of Rudolf Steiner and Francisco Varela;

Francisco Varela, to whom I owe the three folds of the core process of becoming aware: suspension, redirection, and letting go (which mark the left-hand side of the U);

Eleanor Rosch, to whom I owe the concept of primary knowing (as the type of knowledge that arises from the bottom of the U) and the idea that "science needs to be performed with the mind of wisdom";

Johan Galtung, whose concept of trilateral science (integrating data, theory, and values) has inspired my path to action research and whose global analysis of direct, cultural, and structural violence has shaped my thinking about global social issues today;

Bill Torbert, who clarified for me the concept of developmental thinking in organizations and leadership as well as his approach of action inquiry by integrating first-, second-, and third-person knowledge;

Seija Kulkki, to whom I owe the encouragement to blend my European and my American intellectual roots, that is, to combine the practical action research work (that I only learned when I came to the East Coast in the US) with the deep epistemological inquiry into the first foundations of science and philosophy (that reflects the European intellectual roots in the tradition of phenomenology and Goethean science);

Brian Arthur, who helped me articulate the three-step version of the U: observe, observe, observe; retreat and reflect: allow the inner knowing to emerge; act in an instant;

Master Nan Huai-Chin, to whom I owe the seven meditative stages of leadership as a Confucian-Buddhist-Daoist articulation of the U;

Fritjof Capra, to whom I owe many great insights on the evolution of systems theory and systems thinking throughout the twentieth century in our time;

Bill Isaacs, with whom I worked during the 1990s in the MIT Dialogue Project and whose own work inspired my thinking and development of the four-quadrant model that is represented in Part III of the book and that was later reframed according to the four different levels of the U (chapter 17);

Sara Niese, Ralf Schneider, Ikujiro Nonaka, and Arndt Zeitz, who helped refine the concepts and methods at issue here in ways that have made them accessible to top management audiences at Daimler, Fujitsu, and PricewaterhouseCoopers throughout the past five years;

Adam Kahane, who helped me refine many of the practical applications of the U approach to change and who suggested referring to the deep state of presencing as "regenerating";

Steven Piersanti, who suggested the title of the book: *Theory U*;

Tom Callanan and the Fetzer Institute for funding the meetings that led to founding the Presencing Institute;

Michael Jung, whose dream helped me launch the Global Dialogue Interview Project about eleven years ago; it created the real foundation for

the whole line of research that is documented throughout this book—so without Michael, probably none of this would have happened; and last but not least, my parents and the farm community at Hof Dannwisch in Germany, to whom I owe the original inspiration for this book: the relationship between the field of the earth and the living social field. I also wish to express my appreciation to the 150 interviewees of the Global Dialogue Interview Project who met with me and, on occasion, with Joseph Jaworski, in order to dialogue about the deepest question that underlies their work. Much inspiration grew out of these conversations, and they greatly influenced and shaped the line of inquiry that is presented throughout this book.

I also greatly appreciate all my colleagues and friends who commented on the earlier drafts of the manuscript. While I assume full responsibility for mistakes that still may be found, many ideas and improvements must be credited to the valuable comments I received from the reviewers of the draft. They include (in addition to the individuals mentioned above): Arawana Hayashi, David Rome, Hinrich Mercker, Joel Yanowitz, John Heller, Margaret O'Bryon, Michael Milad, Ricardo Young, Sheryl Erickson, Tracy Huston, Tobias Scheytt, Claudia Mesiter-Scheytt, Andre Glavas, Claus Jakobs, and Walther Dreher.

I have been blessed to work with great editors who helped me with this manuscript: Nina Kruschwitz, who worked on an early draft; Janet Mowery, who edited the second iteration; and Karen Speerstra, who shaped the final draft and helped me incorporate the feedback from the readers listed above.

My special thanks go also to Sherry Immediato, Nina Kruschwitz, and Arthur Klebanoff for leading, managing, and advising the design and production of this book through SoL Press.

My final thanks go to my colleague Janice Spadafore, who orchestrates and steers the whole project ecology that has been emerging around the Presencing Institute, and whose organizing genius has worked as a hidden factor that enabled the completion of this book.

Thank you all!

Cambridge, Massachusetts, March 2007

This page intentionally left blank

Introduction

We live in an era of intensifying conflicts and massive institutional failures, a time of painful endings and of hopeful beginnings. It is a time that feels as if something profound is shifting and dying while something else, as the playwright and Czech president Václav Havel once put it, wants to be born: "I think there are good reasons for suggesting that the modern age has ended. Today, many things indicate that we are going through a transitional period, when it seems that something is on the way out and something else is painfully being born. It is as if something were crumbling, decaying, and exhausting itself—while something else, still indistinct, were rising from the rubble."[1]

Facing the Crisis and Call of Our Time

The crisis of our time isn't just a crisis of a single leader, organization, country, or conflict. The crisis manifests across all countries in the form of three

major divides: the ecological divide—that is, the disconnect between self and nature; the social divide—that is, the disconnect between self and other; and the spiritual divide—that is, the disconnect between self and self. The crisis reveals that the old underlying social structure and way of thinking, the old way of institutionalizing and enacting collective social forms, are dying.

We all know the basic facts and figures that prove this point:

- The ten warmest years ever recorded—with the exception of 1998—have occurred since 2000.[2] As of this writing, 2015 is likely to be the warmest year ever recorded.[3] In spite of overwhelming scientific and experiential evidence that our economic activities are accelerating climate change, we, as members of a global system, have so far continued to operate the old way—as if nothing much has happened.
- We have created a thriving global economy that still leaves 850 million people suffering from hunger and nearly 1 billion people living in poverty (on less than $1.90 per day).[4]
- The growing gap between rich and poor has been documented in an Oxfam study that shows that the 62 richest billionaires own as much wealth as the poorer half of the world's population. The study also reports that the top one percent of people own more wealth than the other 99% combined (2016).[5]
- As of 2013, throughout the developed world, self-harm had become the leading cause of death for people aged 15 to 49, surpassing all cancers and heart disease.[6]
- We invest significant resources in agriculture and food systems that create an unsustainable quantity of low-quality junk food that pollutes both our bodies and our environment.[7] Poor nutrition causes much of the poor health and sickness in our society.
- Nearly half (45 percent) of deaths in children under five—3.1 million children each year—are from preventable causes.[8]
- Since the 1900s, some 75 percent of crop diversity has been lost from farmers' fields.[9]

Across the board, *we collectively create outcomes that nobody wants*. Yet the key decision makers do not feel capable of redirecting this course of events in any significant way. They feel just as trapped as the rest of us in what often seems to be a race to the bottom. The same problem affects our massive institutional failure: we haven't learned to mold, bend, and transform our centuries-old collective patterns of thinking, conversing, and institutionalizing to fit the realities of today.

The social structures that we see decaying and crumbling—locally, regionally, and globally—are built on two different sources: *premodern* traditional and *modern* industrial structures or forms of thinking and operating. Both of them have been successful in the past, but in our current age, each disintegrates and crumbles.

The rise of fundamentalist movements in both Western and non-Western countries is a symptom of this need for a deeper transformation process. Fundamentalists say: "Look, this modern Western materialism doesn't work. It takes away our dignity, our livelihood, and our soul. So let's go back to the old order."

This reaction is understandable, as it based on two defining characteristics of today's social decay that the peace researcher Johan Galtung calls *anomie*, the loss of norms and values, and *atomie*, the breakdown of social structures.[10] The resulting loss of culture and structure leads to eruptions of violence, hate, terrorism, and civil war, along with partly self-inflicted natural catastrophes in both the southern and northern hemispheres.

How can we cope with these shifts? What I see rising is a new form of presence and power that starts to grow spontaneously from and through small groups and networks of people. It's a different quality of awareness and connection, a different way of being present with one another and with what wants to emerge. We see this in many forms: volunteers in Europe who come together to support the incoming stream of refugees and grassroots local movements collaborating across cultures to contribute to the implementation of the UN SDGs (Sustainable Development Goals) and the Paris Agreement on climate change (COP21). When groups begin to operate from

a real future possibility, they start to tap into a different social field from the one they normally experience. It manifests through a shift in the quality of thinking, conversing, and collective action. When that shift happens, people can connect with a deeper source of creativity and knowing and thus move beyond the patterns of the past. They step into their real power, the power of their authentic self. I call this change a shift in the *social field* because that term designates the totality and type of connections through which the participants of a given system relate, converse, think, and act.

When a group succeeds in operating in this zone once, it is easier to do so a second time. It is as if an unseen, but permanent, communal connection or bond has been created. It tends to stay on even when new members are added to the group. The following chapters explain what happens when such shifts occur and how change then manifests in significantly different ways.

The shift of a social field is more than a memorable moment. When it happens, it tends to result in outcomes that include a heightened level of individual energy and awareness, a sustained deepening of one's authenticity and personal presence, and a clarified sense of direction, as well as significant professional and personal accomplishments.

As the debate on the crisis and call of our time begins to unfold, proponents of three distinct positions can be heard:

1. Retromovement activists: "Let's return to the order of the past." Some retromovements have a fundamentalist bent, but not all of them do. Often this position comes with the revival of an old form of religion and faith-based spirituality.
2. Defenders of the status quo: "Just keep going. Focus on doing more of the same by muddling through. Same old same old." This position is grounded in the mainstream of contemporary scientific materialism.
3. Advocates of individual and collective transformational change: "Isn't there a way to break the patterns of the past and tune into our highest future possibility—and to begin to operate from that place?"

I personally believe that the current global situation yearns for a shift of the third kind, which in many ways is already in the making. We need to let

go of the old body of institutionalized collective behavior in order to meet and connect with the presence of our highest future possibility.

The purpose of this book, and of the research and actions that led to it, is to delineate a social technology of transformational change that will allow leaders in all segments of our society, including in our individual lives, to meet their existing challenges. In order to rise to the occasion, leaders often have to learn how to operate from the highest possible future, rather than being stuck in the patterns of our past experiences. Incidentally, when I use the word "leader," I refer to all people who engage in creating change or shaping their future, regardless of their formal positions in institutional structures. This book is written for leaders and change activists in corporations, governments, not-for-profit organizations, and communities. I have been often struck by how creators and master practitioners operate from a deeper process, one I call the "U Process." This process pulls us into an emerging possibility and allows us to operate *from* that altered state rather than simply reflecting on and reacting to past experiences. But in order to do that, we have to become aware of a profound blind spot in leadership and in everyday life.

The Blind Spot

To address the challenges we face, we need a social technology that allows individuals, groups, organizations, and even us as society, to act from our highest future potential. Over the past twenty years, in working with leaders and groups in all sectors of society, my colleagues and I and have realized that there is a blind spot, but when we become aware of it, that awareness allows us to step into this potential. The blind spot is the place from which our attention and intention originates. It's the place from which we operate when we do something. We are blind to it because it is an invisible dimension of our habitual social field, of our everyday experience in social interactions.

This invisible dimension of the social field concerns the sources from which a given social field arises and manifests. It can be likened to how we look at the work of an artist. At least three perspectives are possible:

- We can focus on the *thing* that results from the creative process—say, a painting.
- We can focus on the *process* of painting.
- Or we can observe the artist as she stands in front of a *blank canvas.*

In other words, we can look at the work of art *after* it has been created (the thing), *during* its creation (the process), or *before* creation begins (the blank canvas or source dimension).

If we apply this artist analogy to leadership, we can look at the leader's work from three different angles. First, we can look at what leaders do. Tons of books have been written from that point of view. Second, we can look at the *how*, the processes leaders use. That's the perspective we've used in management and leadership research for more than two decades. We have analyzed all aspects and functional areas of managers' and leaders' work from the process point of view. Numerous useful insights have resulted from that line of work. Yet we have never systematically looked at the leaders' work from the third, or blank-canvas, perspective. The question we have left unasked is: "What sources are leaders actually operating from?"

I first began noticing this blind spot when talking with the late CEO of Hanover Insurance, Bill O'Brien. He told me that his greatest insight after years of conducting organizational learning projects and facilitating corporate change is that the success of an intervention depends on the *interior condition* of the intervener.
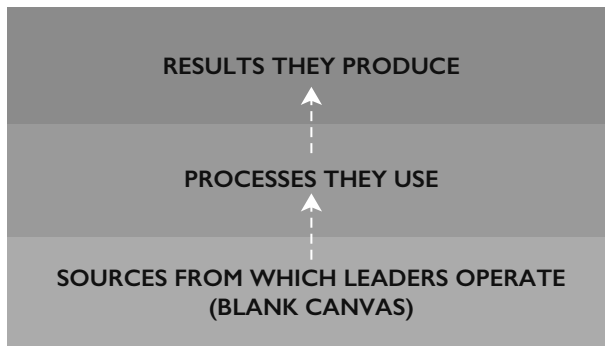
FIGURE I.1: THREE PERSPECTIVES ON A LEADER'S WORK

That observation struck a chord. Bill helped me understand that what counts is not only *what* leaders do and *how* they do it but their "interior condition," the inner place from which they operate or the *source* from which all of their actions originate.

The blind spot at issue here is a fundamental factor in leadership and the social sciences. It also affects our everyday social experience. In the process of conducting our daily business and social lives, we are usually well aware of what we do and what others do; we also have some understanding of how we do things, the processes we and others use when we act. Yet if we were to ask the question "From what source does our action come?" most of us would be unable to provide an answer. We can't see the *source* from which we operate; we aren't aware of the place from which our attention and intention originate.

Having spent the last two decades of my professional career in the field of organizational learning, my most important insight has been that there are *two different sources* of learning: learning from the experiences of the past and learning from the *future* as it emerges. The first type of learning, learning from the past, is well known and well developed. It underlies all our major learning methodologies, best practices, and approaches to organizational learning.[11] By contrast, the second type of learning, learning from the future as it emerges, is still in its infancy.

A number of people to whom I proposed the idea of a second source of learning considered it wrongheaded, particularly in the early years. The *only* way to learn, they argued, is from the past. "Otto, learning from the future is not possible. Don't waste your time!" But in working with leadership teams across many sectors and industries, I realized that leaders cannot meet the challenges of disruption by operating only on the basis of past experience.

When I started realizing that the most impressive leaders and innovators seem to operate from a different core process, one that pulls them into future possibilities, I asked myself: How can we learn to better sense and connect with a future possibility that is seeking to emerge?[12]

I began to call this operating from the future as it emerges "presencing."[13] Presencing is a blending of the words "presence" and "sensing." It means to

sense, tune in, and act from one's highest future potential—the future that depends on us to bring it into being.

This book describes the process and the result of a twenty-year journey that was made possible only through the support and collaboration of a unique constellation of inspirational colleagues and friends.[14] The question that underlies that journey is "How can we act from the future that is seeking to emerge, and how can we access, activate, and enact the deeper layers of generative social fields?"

Entering the Field

A field, as every farmer knows, is a complex living system—just as the earth is a living organism.

I grew up on a farm near Hamburg, Germany. One of the first things my father, one of the pioneers of biodynamic farming in Europe, taught me was that the living quality of the soil is the most important thing in organic agriculture. Each field, he explained to me, has two aspects: the visible, or what we see above the surface, and the invisible, or what is below the surface. The quality of the yield—the visible result—is a function of the quality of the soil, of those elements of the field that are mostly invisible to the eye.

My thinking about social fields starts exactly at that point: that [social] fields are the *grounding condition*, the living soil, from which grows that which only later becomes visible to the eye. And just as every good farmer focuses attention on sustaining and enhancing the quality of the soil, every good organizational leader focuses attention on sustaining and enhancing the quality of the social "soil"—the field—in which every responsible leader and change-maker works day in and day out.

Every Sunday my parents took me and my brothers and our sister on a *Feldgang*—a field walk—across all the fields on our farm. Once in a while my father would stop and pick up a clump of soil from a furrow so that we could investigate and learn to see its different types and structures. The quality of the soil, he explained, depended on a whole host of living entities—millions of organisms living in every cubic centimeter of soil—whose work is neces-

sary for the earth to breathe and to evolve as a living system.

This book invites you to take a field walk across the social landscape of our rapidly shifting global society. And just as my family did during the *Feldgang*, once in a while we will stop at a furrow and pick up a piece of data we want to investigate in order to better understand the subtle territory of the social field. As McKinsey's Jonathan Day once noted about his many experiences helping global corporations through the process of transformational change, "What's most important is invisible to the eye."[15]

But how can we begin to see, more consciously and clearly, this hidden territory?

The Archimedean Point

What is the strategic leverage point for intentionally *shifting* the structure of a social field? What could function as the *Archimedean point*—the enabling condition—that will allow the global social field to evolve and shift?

For my father, the answer was quite clear. Where do you put your "lever"? On the soil. You concentrate on constantly improving the quality of your topsoil—every day. The fertile topsoil is a thin layer of a living substance that evolves through the intertwined connection of two worlds: the visible realm above the surface and the invisible realm below. The words "culture" and "cultivation" both originate from the concept of this very activity. Farmers cultivate the topsoil by *deepening* the connection between both worlds.

So where is the leverage point in the case of a *social* field? At precisely the same place: the interface and connection between the visible and invisible dimensions of the social field. An organization's fertile "topsoil" exists where these two worlds meet, connect, and intertwine.

What, then, in the case of social fields, is the visible matter? It's what we *do*, *say*, *sense*, and *see*. It's the social action that can be captured and recorded with a camera. And what is the invisible realm? It's the *interior condition* from which the participants of a situation operate. It's the originating *source* of all we do, say, sense, and see. According to Bill O'Brien, that's what matters most if you want to be an effective leader; that is, if you want to shape a

future that is different from the past. It's the blind spot, or the place from which our attention and intention is happening.

In Part I of this book, "Bumping into Our Blind Spot," I will argue that across all levels, systems, and sectors we face basically the same problem: the challenges we face require us to become aware and change *the inner place* from which we operate. As a consequence, we need to learn to attend to both dimensions simultaneously: *what* we say, see, sense, and do (our visible realm) and the *inner place* from which we operate (our invisible realm, in which our sources of attention and intention originate). I call the intermediate sphere that links both dimensions the *field structure of attention*. It's the functional equivalent of the topsoil in agriculture; it links both dimensions of the field.

Collectively seeing our field structure of attention—that is, collectively becoming aware of our inner places from which we operate in real time—may well be the single most important leverage point for shifting the social field in this century, for it represents the *only* part of our common consciousness that we can control completely. Each of us creates the structure of attention ourselves, so we can't blame a lack of it on someone else. Hence, when we can see this place, we can begin to use it as the lever for practical change. It enables us to act differently. To the degree that we see our attention and its source, we can change the system. But to do so, we have to shift the inner place from which we operate.

Shifting the Structure of Our Attention

The essence of leadership is to become aware of this blind spot and then shift the inner place from which we operate, both individually and collectively.

The soil in my father's fields ranges from shallow to deep. Likewise, in our social fields, there are fundamentally different layers (field structures) of attention, also varying from shallow to deep. The field structure of attention concerns the relationship between observers and observed. It concerns the quality of how we attend to the world. That quality differs depending on the *place* or position from which our attention originates relative to the organiza-

tional boundary of the observer and the observed. In my research that led to this book, I found that there are four different places or positions and that each gives rise to a different quality or field structure of attention.

They are: (1) *I-in-me*: what I perceive based on my habitual ways of seeing and thinking, (2) *I-in-it*: what I perceive with my senses and mind wide open, (3) *I-in-you*: what I tune in to and sense from within with my mind and heart wide open, and (4) *I-in-we and I-in-now*: what I understand from the source of what wants to emerge, that is, from attending with my open mind, heart, and will. The four field structures differ in the *place* from which attention (and intention) originates: habits, open mind, open heart, and open will, respectively. Every action by a person, a leader, a group, an organization, or a community can be performed in these four different ways.

To clarify this distinction, let's take the example of listening. In my years of working with groups and organizations, I have identified four basic types of listening:

"*Yeah, I know that already.*" The first type of listening is *downloading*: listening by reconfirming habitual judgments. When you are in a situation where everything that happens confirms what you already know, you are listening by downloading.

"*Ooh, look at that!*" The second type of listening is *object-focused* or *factual* listening: listening by paying attention to facts and to novel or disconfirming data. In this type of attending, you focus on what differs from what you already know. Your listening has to switch from attending to your inner voice of judgment to attending to the data right in front of you. You begin to focus on information that differs from what you already know. Object-focused or factual listening is the basic mode of good science. You ask questions, and you carefully observe the responses that nature (data) gives you.

"*Oh, yes, I know how you feel.*" The third, yet deeper level of listening is *empathic listening*. When we are engaged in real dialogue, we can, when paying attention, become aware of a profound shift in the place from which our listening originates. As long as we operate from the first two types of listening, our listening originates from within the boundaries

of our own mental or cognitive organization. But when we listen empathically, our perception shifts. We move from staring at the objective world of things, figures, and facts into considering the story of a living being, a living system, and self. To do so, we have to activate and tune a special instrument: the open heart, that is, the empathic capacity to connect directly with another person or living system. If that happens, we feel a profound switch; we forget about our own agenda and begin to see how the world unfolds through someone else's eyes. When operating in this mode, we usually feel what another person wants to say before the words take form. And then we may recognize whether a person chooses the right word or the wrong one to express something. That judgment is possible only when we have a *direct sense* of what someone wants to say *before* we analyze what she or he actually says. Empathic listening is a skill that can be cultivated and developed, just like any other human relations skill. It's a skill that requires us to activate a different source of intelligence: the intelligence of the heart.

"I can't express what I experience in words. My whole being has slowed down. I feel more quiet and present and more like my authentic self. I am connected to something larger than myself." This is the fourth level of listening. It moves beyond the current field and connects to a still deeper realm of emergence. I call this level of listening *generative listening*— that is, listening from the emerging field of the future. This level of listening requires us to access our open heart and open will—our capacity to connect to the highest future possibility that wants to emerge. On this level our work focuses on getting our (old) self out of the way in order to open a space, a clearing, that allows for a different sense of presence to manifest. We no longer look for something outside. We no longer empathize with someone in front of us. We are in an altered state— maybe "communion" or "grace" is the word that comes closest to the texture of this experience that refuses to be dragged onto the surface of words.

You'll notice that this fourth level of listening differs in texture and outcomes from the others. You know that you have been operating on the fourth

level when, at the end of the conversation, you realize that you are no longer the same person you were when you started the conversation. You have gone through a subtle but profound change. You have connected to a deeper source—to the source of who you really are and to a sense of why you are here—a connection that links you with a profound field of coming into being, with your emerging authentic Self.

Theory U: Acting from the Highest Future Possibility

Each of us uses, in any action we take, one of these four different ways of paying attention. We access one of these layers of consciousness whether we act alone or in a large group. I suggest we call these ways of acting our *field structures of attention*. The same activities can result in radically different outcomes *depending on the structure of attention from which a particular activity is performed*. Put differently, "*I attend* [this way]— *therefore it emerges* [that way]." This is the hidden dimension of our common social process, not easily or readily understood, and it may be the most underutilized lever for profound change today. Therefore, I have devised Theory U to help us better understand these *sources* from which all social action constantly comes into being.

Theory U addresses the core question that underlies this book: What is required in order to learn and act from the future as it emerges? In chapter 2, we will follow this key question in order to learn to deepen our leading, learning, and acting from levels 1 and 2 (reacting and quick fixes) to levels 3 and 4 (profound renewal and change).

The turbulent challenges of our time force all major institutions and systems to reinvent themselves. To do that, we must ask: Who are we? What are we here for? What do we want to bring forth together? The answers to these questions differ according to the structure of attention (and consciousness) that we use to respond to them. They can be given from a purely materialistic-deterministic point of view (when operating on levels 1 and 2), or they can be given from a more holistic perspective that also includes the more subtle relational and intentional-spiritual sources of social reality creation (levels 3 and 4).

A New Science

This book is intended to do more than just illuminate a blind spot of leadership. Rather, it seeks to uncover a hidden dimension in the social process that each of us encounters in our everyday life, moment to moment. To do this, we need to advance our current form of science. As the psychologist Eleanor Rosch from the University of California at Berkeley likes to put it, "Science needs to be performed with the mind of wisdom." Science as we know it today may still be in its very infancy.

In 1609 Galileo Galilei devised a telescope that allowed him to observe the moons of Jupiter. His observations suggested strong evidence in support of the heretical Copernican view of the heliocentric universe. Sixty-six years earlier, Nicolaus Copernicus had published a treatise putting forth his revolutionary idea that the sun was at the center of the universe, not—as posited by the then-current view of Ptolemy—the earth. In the half century since its publication, however, Copernicus's theory had been met with skepticism, particularly by the Catholic Church. When Galilei looked through his telescope, he knew that Copernicus was right. But when he put forth his views, first in private conversations and later in writing, like Copernicus, he met his strongest opposition from the Catholic Church, which claimed his view was heresy and summoned an inquisition. In his attempts to defend his view, Galilei urged his Catholic counterparts to take a look through the telescope and convince themselves of the evidence with their own eyes. But although some in the Catholic leadership supported Galileo's position, the main Church leaders refused to take that daunting look. They didn't dare to go beyond the dogma of Scripture. Even though the Church succeeded in intimidating the seventy-year-old Galileo during the trial and forced him to renounce his views, he was ultimately the victor, and today he is considered the father of modern experimental physics. Galileo Galilei helped pioneer modern science by not backing off, by looking through the telescope, and by letting the data that emerged from his observations teach him what was true and what was not.

And now, four hundred years later, we may again be writing another breakthrough story. Galileo transformed science by encouraging us to use

our eyes, our senses, to gather external data. Now we are asked to broaden and deepen that method by gathering a much more subtle set of data and experiences from within. To do that, we have to invent another type of telescope: not one that helps us to observe only what is far out—the moons of Jupiter—but one that enables us to observe the observer's blind spot by bending the beam of observation back upon its source: the *self* that is performing the scientific activity. The instruments that we need to utilize in order to bend the beam of observation back upon its source include not only an *open mind* (part of the normal mode of inquiry and investigation) but also an *open heart* and *open will*. These more subtle aspects of observation and knowing will be discussed in more detail below.

This transformation of science is no less revolutionary than Galileo Galilei's. And the resistance from the incumbent knowledge holders will be no less fierce than the one that Galilei met in the Catholic Church. Yet, when looking at the global challenges of our time, we can recognize the call of our time to come up with a new synthesis among science, social change, and the evolution of self (or consciousness). While it has been a common practice for social scientists and management scholars to borrow their methods and paradigms from natural sciences such as physics, I think it is now time for social scientists to step out of the shadow and to establish an advanced methodology for social sciences that integrates science (third-person view), social transformation (second-person view) and the evolution of self (first-person view) into a coherent framework of awareness-based action research.[16]

Such a framework is already emerging from two major turns in the field of social sciences over the period of the last half century. The first one is usually referred to as the "action turn" and was pioneered by Kurt Lewin and his followers in a variety of approaches to action science throughout the second half of the twentieth century.[17] The second one followed in the late twentieth and early twenty-first centuries and is often called the "reflective turn"; however, it would probably be better to refer to it as a *self-reflective* turn toward patterns of attention and consciousness. This emerging synthesis links all three of these angles: science (let the data speak), action research (you can't

understand a system unless you change it), and the evolution of consciousness and self (illuminating the blind spot).

Twenty-three hundred years ago, Aristotle, arguably the greatest pioneer and innovator of Western inquiry and thought, wrote in Book VI of his *Nicomachean Ethics* that there are five different ways, faculties, or capacities in the human soul to grasp the truth. Only one of them is science (*episteme*).[18] Science (*episteme*), according to Aristotle, is limited to the things that cannot be otherwise than they are (in other words, things that are determined by necessity). By contrast, the other four ways and capacities of grasping the truth apply to all the other contexts of reality and life. They are art or producing (*techne*), practical wisdom (*phronesis*), theoretical wisdom (*sophia*), and intuition or the capacity to grasp first principles or sources (*nous*).

So far the primary focus of our modern sciences has been, by and large, limited to *episteme*. But now we need to broaden our view of science to include the other capacities to grasp the truth, including applied technologies (*techne*), practical wisdom (*phronesis*), theoretical wisdom (*sophia*), and the capacity to intuit the sources of awareness and intention (*nous*).

Our Field Journey: This Book

Organization

After Part I, "Bumping into Our Blind Spot," we move on to Part II, "Entering the U Field," followed by Part III, "Presencing: A Social Technology for Leading Profound Innovation and Change."

The first part of this field walk deals with different aspects of the blind spot. I argue that the central issue of our time deals with bumping into our blind spot—the inner place from which we operate—across all system levels. On all these levels we are confronted with the same issue: we cannot meet the challenges at hand if we do not become aware of our blind spot and shift the inner place from which we operate.

In Part II we will explore the *core process* of illuminating the blind spot—how is it possible to do this?

Part III, the third part of our field walk, focuses on summarizing this core process in terms of an *evolutionary grammar* that is then spelled out in two forms: as a new social field theory (Theory U) and as a new social technology (twenty-four principles and practices). The book concludes with an epilogue, "u.school: A Movement in the Making." In it are ideas about and a broad plan for a global action university that puts the above principles into practice by integrating science, consciousness, and profound social change.

The following twenty-one chapters integrate the insights from interviews with 150 eminent thinkers and practitioners in strategy, knowledge, innovation, and leadership around the world. You should know that this book is also based on my own life story—recognizably that of a white male European-American—together with my research at MIT and the results of numerous action research projects and reflection workshops among colleagues and co-researchers. In addition, I have based Theory U on the results of consulting and action research projects with leaders of grassroots movements and global companies and NGOs, among them Alibaba, Daimler, Decurion, Eileen Fisher, Federal Express, Fujitsu, GlaxoSmithKline, Google, Hewlett-Packard, ICBC, McKinsey, Oxfam, PricewaterhouseCoopers, and various multi-stakeholder groups.

I have always found inspiration in working closely with colleagues in the creative arts. Arawana Hayashi, for example, developed the body of work called Social Presencing Theater.[19] A number of illustrations throughout the book are based on my own hand-drawn figures, and many more are professionally rendered; in many instances these figures illustrate and bring to life some of the concepts much better than words can. By including them, I hope to make some of the more challenging ideas in this book more accessible.

Purpose

This book sets out to do three things. It provides a key, or as we sometimes call it, a grammar of the social field, that unlocks the blind spot (chapters 15, 20). Second, it reveals four fundamental metaprocesses that underlie the collective processes of social reality creation, moment to moment. They

are: thinking, conversing, structuring, and connecting (global governance) (chapters 16–19). And last, it outlines a social technology of freedom that puts this approach into practice through a set of principles and practices of presencing (chapter 21).

That set of principles works as a matrix and constitutes a whole. That said, they can also be presented as five movements that follow the path of the U (see figure 1.2). These five movements are:

- *Co-initiating: listen to what life calls you to do*, connect with people and contexts related to that call, and convene constellations of core players that co-inspire common intention.
- *Co-sensing*: go to the places of most potential; observe, observe, observe; listen with your mind and heart wide open.
- *Co-presencing*: go to the place of individual and collective stillness, open up to the deeper source of knowing, and *connect to the future that wants to emerge through you*.
- *Co-creating*: build landing strips of the future by prototyping living microcosms in order *to explore the future by doing*.
- *Co-evolving*: co-develop a larger innovation ecosystem and hold the space that connects people across boundaries through *seeing and acting from the whole*.

Method

Our field walk incorporates three methods: phenomenology, dialogue, and collaborative action research. All three address the same key issue: the intertwined constitution of knowledge, reality, and self. And all of them follow the dictum of Kurt Lewin, the founder of action research, who observed, "You cannot understand a system unless you change it." But each method has a different emphasis: phenomenology focuses on the first-person point of view (individual consciousness), dialogue on the second-person point of view (fields of conversation), and action research on the third-person point of view (enactment of institutional patterns and structures).

You will notice that I don't often refer in this book to individual leaders but to our distributed or collective leadership. *All* people effect change,

1. CO-INITIATING
Listen to others and to what life calls you to do

5. CO-EVOLVING
Grow innovation ecosystems by seeing and acting from the emerging whole

2. CO-SENSING
Go to the places of most potential and listen with your mind and heart wide open

4. CO-CREATING
Prototype a microcosm of the new to explore the future by doing

3. CO-PRESENCING
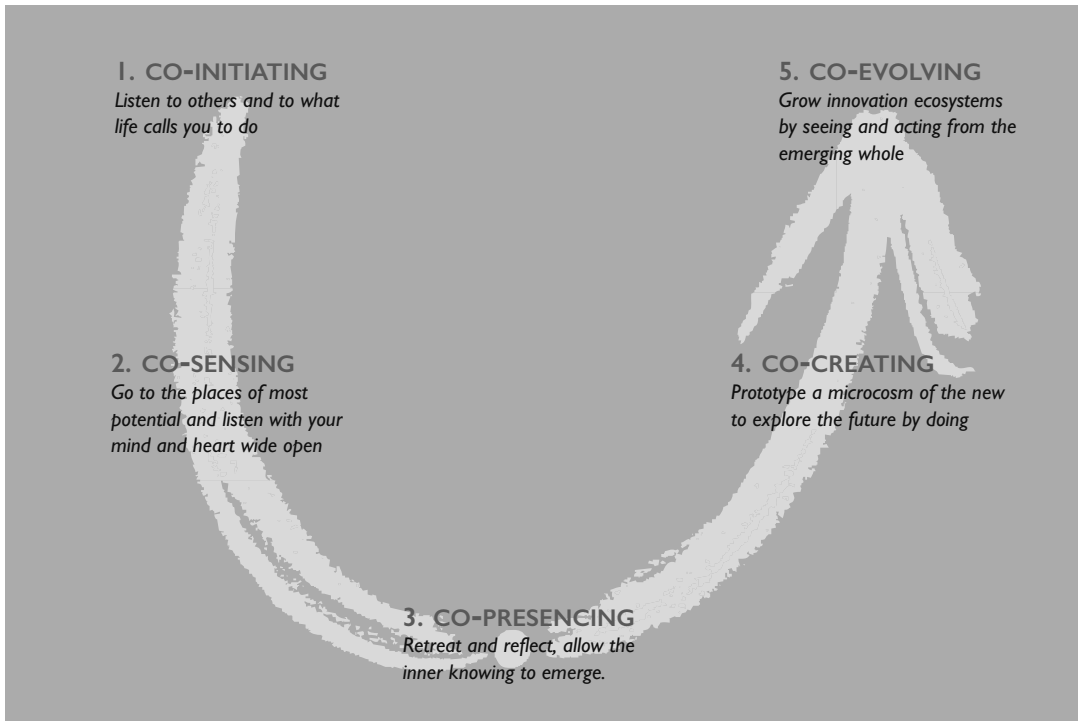*Retreat and reflect, allow the inner knowing to emerge.*

FIGURE I.2: FIVE MOVEMENTS OF THE U PROCESS

regardless of their formal positions or titles. *Leadership in this century means shifting the structure of our collective attention—listening—at all levels.*

As Jeffrey Hollender, the founder and former CEO of Seventh Generation, puts it, "Leadership is about being better able to listen to the whole than anyone else can." Look around you. What do you see? We are now engaged in global leadership, and this means we extend our attention and listening from the individual (micro) and group interaction (meso) to the institutional (macro) and global (mundo) systems levels. It is all interconnected and present all the time. The good news is that the *hidden inflection points* for transforming the field structure of attention are the same at all these levels. These turning or inflection points, which I discuss throughout this book, apply to systems at all levels.

But here comes the caveat: There is a price to be paid. Operating from the fourth field of emergence requires a commitment: a commitment to letting go of everything that isn't essential and to living according to the "letting

go/letting come" principle that Goethe described as the essence of the human journey:

> And if you don't know this dying and birth,
> you are merely a dreary guest on earth.[20]

The real battle in the world today is not between civilizations or cultures but between the different evolutionary futures that are possible for us and our species right now. What is at stake is nothing less than the choice of who we are, who we want to be, and what story of the future we want to participate in. The real question, then, is "What are we here for?"

Our old leadership is crumbling, just as the Berlin Wall crumbled in 1989. What's necessary today is not only a new approach to leadership. We need to go beyond the concept of leadership. We must discover a more profound and practical integration of the head, heart, and hand—of the intelligences of the open mind, open heart, and open will—at both an individual and a collective level.

I invite you to join me on this journey of discovery.

Part I

Bumping into Our Blind Spot

We all recognize social acts when we see them: people talking, laughing, crying, clashing, playing, dancing, praying. But where do our actions come from? From what place deep within (or around) us do our actions originate? To answer this question, it is helpful to look at the creative work of an artist in three ways. First, we can look at the result of her (or his) work, the *thing*, the finished painting. Or we can observe her while she (or he) is painting: we can watch the *process* of the colorful brushstrokes creating the work of art. Or we can observe the artist standing *in front of the empty canvas*. It is this third perspective that creates the guiding questions of this book: What happens in front of the completely white canvas? What prompts the artist to make that first stroke?

This book is written for leaders, the individuals or groups who initiate innovation or change—the "artists." All leaders and innovators, whether in business, communities, government, or nonprofit organizations, do what artists do: they create something new and bring it into the world. The open question is: Where do their actions come from? We can observe *what* leaders do. We also can observe *how* they do it, what strategies and processes they deploy. But we can't see the inner place, the *source* from which people act when, for example, they operate at their highest possible level or, alternatively, when they act without engagement or commitment.

That brings us to the territory of what I call our "blind spot." The blind spot concerns that part of our seeing that we usually don't see. It's the inner place or source from which a person or a social system operates. That blind spot is present every day in all systems. But it is hidden. It is our task, as leaders, and as creators, to notice how the blind spot shows up. For instance, Francisco J. Varela, the late professor of cognitive science and epistemology in Paris, told me that "the blind spot of contemporary science is experience." This blind spot shows up in many different ways. We will learn about them as we continue this "field walk," this "learning journey," together.

The following seven chapters offer seven perspectives from which we can explore the different ways the blind spot shows up in society, in science, and in systems thinking as a defining feature of our time. Blind spots appear in individuals, groups, institutions, societies, and systems; they reveal themselves in our theories and concepts in the form of deep epistemological and ontological assumptions.

I invite you to explore with me several different areas of the blind spot. We start from the view of the self and move through the team, the organization, society, the social sciences, and, finally, philosophy.