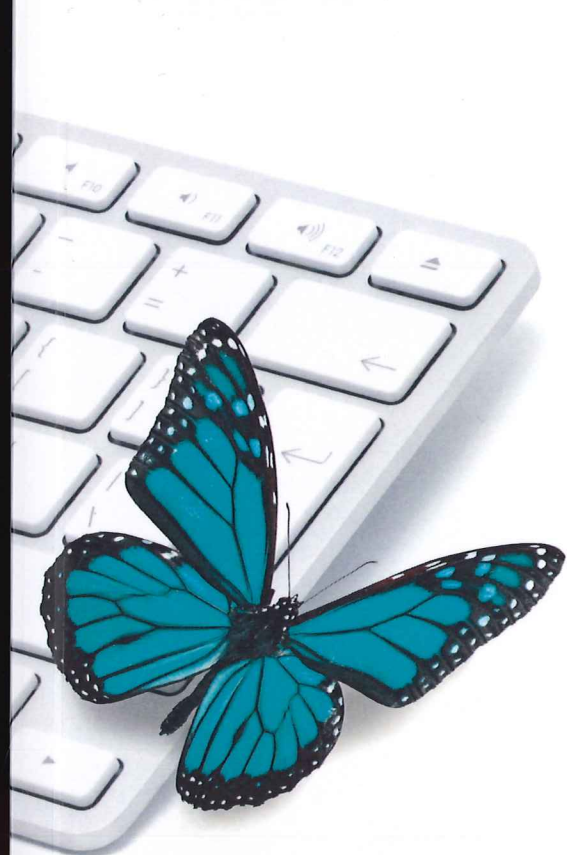


F R E D E R I C L A L O U X

FOREWORD BY KEN WILBER



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worldview in business. Everything you need to know
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FOREWORD

This is a very important book, deeply significant in many ways, as much for the pioneering research, insights, guidelines, and suggestions that it makes as for the many equally important questions and issues that it raises. It is, without doubt, on the leading-edge of a type of work we are seeing more and more of at this time: namely, that concerned with the extremely profound changes in consciousness, culture, and social systems that we are seeing emerge, in increasing numbers, at this point in human (and, indeed, cosmic) evolution. Frederic Laloux's work focuses specifically on the values, practices, and structures of organizations—large and small—that seem to be driven by this extraordinary transformation in consciousness occurring around the world. He offers a very detailed and practical account—what amounts to a handbook, really—for people who feel that the current management paradigm is deeply limiting and yearn to bring more consciousness to the way we run organizations but wonder if it is possible and how to do it.

The book is highly practical, but don't be mistaken: it is solidly grounded in evolutionary and developmental theory. Books describing the broader transformation of consciousness, not just in organizations but in society, have appeared for at least three decades now, going back to such pioneering works as *The Aquarian Conspiracy*, *The Turning Point*, *The Greening of America*, and so on. But there is a major, indeed profound, difference: development studies continue to indicate, with increasing certainty, that what has generally been thought of as a single major transformation in consciousness and culture in the last four or five decades actually contains two major transformations, emerging successively, and known variously as pluralistic and integral, individualistic and autonomous, relativistic and systemic, HumanBond and Flexflow, green and teal, and order 4.5 and order 5.0, among many others. And, as developmentalists are increasingly discovering, these two transformations are simply the latest two in a long line of consciousness transformations that, slightly modifying the terms of Jean Gebser, for example, are called Archaic, Magic (Tribal), Mythic

(Traditional), Rational (Modern), Pluralistic (Postmodern), and Integral (Post-postmodern).

Each of these stages of development occurred to humanity as a whole, and repeats itself in essentially basic ways in individuals today, with everybody starting at stage one and proceeding essentially up to the average level of development in his or her culture (with some individuals lower, some higher). Each of these general stages has a different set of values, needs, motivations, morals, worldviews, ego structures, societal types, cultural networks, and other fundamental characteristics. The two basic transformations that I referred to above are the last two in the series: the Pluralistic stage, emerging in the 1960s and marking the beginning of Postmodernism, and more recently (and still much more rarely) the Integral stage, newly emerging, and marking the beginning of the phase—whatever it may turn out to be—that is moving beyond Postmodernism and its basic tenets.

The profound difference I was alluding to is this: most earlier books heralding a transformation of society speak from a Postmodern perspective, and have a rather simplistic view of human evolution. Laloux's book speaks from an Integral perspective and is grounded in a sophisticated understanding of evolutionary and developmental theory and what in Integral theory is called AQAL (all quadrants, all levels).

Postmodernism, as the name suggests, is that general phase of human development that came after, and in many cases strongly criticized, the previous general phase of Modernism, which began in the West with the Renaissance and then fully blossomed with the Enlightenment—the "Age of Reason and Revolution." What Enlightenment's modernity brought to the scene was a move beyond the previous mythic-literal, religious, traditional era of development—where the Bible was the one source of literal, uncontested truth; humanity had one, and only one, savior; and "no one comes to salvation save by through the Mother Church," whose dogmas delivered truth on all subjects, artistic to normative to scientific to religious. With the Enlightenment, representative democracy replaced monarchy; freedom replaced slavery (in a 100-year period, roughly 1770-1870, every rational-industrial society on the planet outlawed slavery, the first time this had ever happened to any societal type in human history); the experimental modern sciences replaced the revelatory mythic religions (as sources of serious truth); and what Weber called "the differentiation of the value spheres" (the differentiation of art, morals, and science, so that each could pursue its own logic and its own truths outside of their fusion in the dogma of the Church; where the Churchmen refused to even look through Galileo's telescope, researchers by the hundreds and eventually thousands began to do so, with an explosion in all of what are now referred to as the "modern sciences"—geology, physics, chemistry, biology, psychology, sociology).

So successful were the modern sciences that the other major domains of human existence and knowledge—from artistic to moral—began to be invaded and colonized by scientism (the belief that science, and science alone, can deliver any valuable truth). The “dignity of modernity” (the differentiation of the value spheres) soon collapsed into the “disaster of modernity” (the dissociation of the value spheres), resulting in what Weber also famously called “the disenchanting universe.”

Such was the state of affairs for some 300 years—a mixture of great advance and stunning discoveries in the scientific arena, accompanied with a reductionism and scientific materialism that rendered all other fields and areas as defunct, outmoded, childish, archaic. “Social Darwinism”—the notion of the survival of the fittest applied to all aspects of human existence as well—began to insidiously invade all the humanities, ethics, and politics of humans, including the two major new economic systems, capitalism and socialism. Scientific materialism—the idea that all phenomena in the universe (including consciousness, culture, and creativity) could be reduced to material atoms and their interactions, which could be known only by the scientific method—and the generally liberal politics that accompanied such beliefs, set the stage for the next three centuries.

Until the 1960s, when not only the reign of scientific materialism was challenged (as being itself largely a cultural construction, not some deified access to universal truths), but also all of the remaining indignities of the Mythic-religious era (some of which were addressed by Modernism, and some of which were exacerbated by it)—indignities such as, overall, the oppression of women and other minorities, the toxic despoliation of nature and the environment, the lack of evenly applied civil rights, the general reign of materialism itself—all were aggressively attacked, and attempted to be remedied, by Postmodernism. What developmentalists have discovered about this new emergence is that it was driven, in large measure, by the emergence of a new and more developed stage of human unfolding (variously referred to as pluralistic, individualistic, relativistic, postmodern). This is not to say that everything Postmodernism pronounced was therefore true, only that it was based on a mode of thinking that was more complex, more sophisticated, more inclusive, and included more perspectives than the typical formal rational structure of the Modern era (and the Modern stage in today’s individual development).

This new, more inclusive stage of development drove the first wave of books maintaining that “there’s-a-great-new-paradigm-and-major-consciousness-transformation” now underway. These books, which began to emerge in the 1970s and 1980s, and a few of which I already named, usually had a very conspicuous diagram with two columns—one was the “Old Paradigm,” which was “analytic-divisive,”

"Newtonian-Cartesian," "abstract-intellectual," "fragmented," "masculine," and which was the cause of literally all of humanities' problems, from nuclear war to tooth decay, and then another column, the "New Paradigm," which was "organic," "holistic," "systemic," "inclusive," and "feminine," and which was the source of a radical salvation and paradisiacal freedom from virtually all of humanity's ills. What's more, these two choices—old paradigm and new paradigm—were the only basic choices humanity had. Its earlier stages (e.g., tribal) were simply earlier versions of the new paradigm, which was repressed and destroyed by the aggressive Modern version of the old paradigm.

In large measure, these books were simply boomer writers documenting the transformation that they had just been a part of—namely, where, to the remains of the Magic, Mythic, and Rational paradigms still in existence to varying degrees, was added the possibility of the newly emergent Post-Rational or Postmodern paradigm, to which the boomers were the first major generation to have access (today in Western cultures, the Pluralistic/Postmodern stage makes up around 20 percent of the population, with 30 to 40 percent still Modern/Rational, 40 to 50 percent Mythic, and 10 percent Magic).

All of these early books had several things in common. By dividing humanity's choices into just two major ones—old and new paradigms—they blamed all of humanity's ills on nothing but Modernity and the Enlightenment paradigm, severely distorting the actual situation, which is that a majority of the really nasty cultural problems faced by humanity are the result of the Mythic-literal structure—from ethnocentric "chosen peoples," to female oppression, to slavery, to most warfare, to environmental destruction. In some cases, Modern technology was added to those Mythic motivations, thus making them more deadly (e.g., Auschwitz—which was not the product of Modern *worldcentric* morals, which treat all people fairly, regardless of race, color, sex, or creed, but Mythic *ethnocentrism*, which believes in out-groups of infidels and in-groups of "chosen peoples," and in which infidels, lacking souls, can be murdered or killed, and jihad in one form or another—from missionary converting to outright crusades—is the order of the day). In many cases, Modernity was in the process of ending these Mythic ethnocentric insults (such as slavery, and using a specific Modern attitude of *tolerance*, a previously quite rare value), but Postmodernity blamed Modernity (and rational Enlightenment values) for all of it, thus, in many cases, making matters considerably worse.

But in other ways, Postmodernity, with its own higher perspectives, brought not only advances in the sciences, but gave equal emphasis to virtually all other disciplines as well (sometimes going overboard, and claiming that no truth at all was possible, only various interpretations, so of course all disciplines should be included). And in its drives for civil rights and environmentalism and gay/lesbian rights

and rights for the disabled, the higher moral fabric at least possible with a higher stage of development came clearly to the foreground. It was these advances that all the "new paradigm" books were celebrating. Who can blame them for getting carried away, and assuming the whole world was headed into this Pluralistic phase, this "new paradigm," instead of seeing that that phase was simply the fourth or fifth major transformation in human history and would simply take its place alongside the others, not completely replace them? It still shared many characteristics with its predecessors—all of which, together, Maslow would say were driven by "deficiency needs" and Clare Graves' followers would call "first tier."

But developmentalists of the time began noticing something initially perplexing, and then outright astonishing: among those that developed to the Postmodern/Pluralistic stage, a small percentage (two or three percent) began to show characteristics that were literally unprecedented in human history. Graves called the emergence of this even newer level "a monumental leap in meaning," and Maslow referred to it as the emergence of "Being values." Where all the previous stages (Magic, Mythic, Rational, and Pluralistic) had operated out of a sense of lack, scarcity, and deficiency, this new level—which various researchers began calling "integrated," "integral," "autonomous," "second tier," "inclusive," "systemic"—acted out of a sense of radical abundance, as if it were overflowing with goodness, truth, and beauty. It was as if somebody put a billion dollars in its psychological account, and all it wanted to do was share it, so full it was.

And there was something else about it, too. Where all the first-tier stages felt that their truth and values were the only real truth and values in existence—all the others were mistaken, wrong, infantile, or just goofy—this new Integral stage somehow intuited that all of the previous value structures were true and important in their own ways, that all of them had something to offer, that all of them were "true but partial." And thus, as much as the Postmodern/Pluralistic stage wanted to see itself as being "all-inclusive," it still essentially abhorred Rational and Mythic values; but the Integral stage actually did include them, or embrace them, or make room for them in its overall worldview. It was the emergence, for the first time in history, of a truly inclusive and non-marginalizing level of human consciousness. And this, indeed, would change everything.

Slowly, but with increasing speed, a whole second generation of "new paradigm" books began to emerge. These included such early pioneers as James Mark Baldwin and Jean Gebser, but then, more recently, books by philosophers, psychologists, and theologians such as Jürgen Habermas, Abe Maslow, Bede Griffiths, Wayne Teasdale, Allan Combs, and my own work, to barely scratch the surface. Unlike the first wave of new paradigm books, this second wave had a much more

sophisticated psychological component, including at least four or five stages of development, sometimes nine or 10 (but certainly more than two, the "old" and "new paradigm," as the earlier wave had it); and—in addition to those developmental levels, a series of developmental lines, or multiple intelligences that moved through those levels (such as cognitive intelligence, emotional intelligence, moral intelligence, kinesthetic intelligence, spiritual intelligence, and so on). They also found room for an integration of science and spirituality—not reducing one to the other (nor seeing all spirituality as explainable by quantum mechanics or brain neuroplasticity; nor seeing all science as reducible to a mystical ground; but both science and spirituality being irreducible domains of major importance). And they all saw the first wave of "new paradigm" books as describing essentially the Postmodern/Pluralistic stage, and not a genuine Integral/Systemic stage.

Frederic Laloux's book belongs clearly to this second wave of books. But that is not its major claim to significance. We have been seeing, for the last decade or two, books increasingly focusing on business and some sort of "new paradigm" (mostly still first-wave books, but increasingly some second-wave books as well). But more than any other book that I am aware of, Laloux's work covers all four quadrants (to be explained later), at least five levels of consciousness and culture, several multiple lines or intelligences, and various types of organizational structures, moving from Magic to Mythic to Rational to Pluralistic to Integral—and, of course, focusing on the last and most recent emergent, that of the Integral stage, and a sophisticated and fairly detailed description of the business organizations that seem built around Integral-level characteristics, including individual worldviews, cultural values, individual and collective behavior, and social structures, processes, and practices. This makes it a truly pioneering work.

A brief explanation of "quadrants, levels, and lines" is perhaps in order. As Laloux indicates, these technical aspects are taken from my own Integral Theory, which, as the result of a cross-cultural search through hundreds of premodern, modern, and postmodern cultures and the various maps of human consciousness and culture that they have offered, has come up with what might be thought of as a "Comprehensive Map" of human makeup, which was arrived at by putting all of the known maps together on the table, and then using each one to fill in any gaps in the others, resulting in a comprehensive map that is genuinely inclusive of the basic dimensions, levels, and lines that are the major potentials of all humans. There are five basic dimensions in this Framework—quadrants, levels of development, lines of development, states of consciousness, and types.

Quadrants refer to four major perspectives through which any phenomenon can be looked at: the interior and the exterior in the individual and the collective. These can introductorily be indicated by

the pronouns often used to describe them: the interior of the individual is an "I" space (and includes all the subjective thoughts, feelings, emotions, ideas, visions, and experiences that you might have as you introspect); the interior of a collective is a "we" space (or the intersubjective shared values, semantics, norms, ethics, and understandings that any group has—its "cultures" and "sub-cultures"); the exterior of an individual is an "it" space (and includes all the "objective" or "scientific" facts and data about your individual organism—one limbic system, two lungs, two kidneys, one heart, this much dopamine, this much serotonin, this much glucose, and so on—and includes not only "objective" ingredients but behaviors); and the exterior of a collective, which is an "its" space (and includes all the interobjective systems, processes, syntax, rules, external relationships, techno-economic modes, ecological systems, social practices, and so on).

Not only all human beings, but all their activities, disciplines, and organizations can be looked at through this four-quadrant lens, and the results are always illuminating. According to Integral Theory, any comprehensive account of anything requires a look at all of these perspectives—the first-person ("I"), second-person ("you" and "we"), and third-person ("it" and "its") perspectives. Most human disciplines acknowledge only one or two of these quadrants and either ignore or deny any real existence to the others. Thus, in consciousness studies, for example, the field is fairly evenly divided between those who believe consciousness is solely the product of Upper-Right or objective "it" processes (namely, the human brain and its activities); while the other half of the field believes consciousness itself (the Upper-Left or subjective "I" space) is primary, and all objects (such as the brain) arise in that consciousness field. Integral Theory maintains that both of those views are right; that is, both of those quadrants (and the other two quadrants) all arise together, simultaneously, and mutually influence each other as correlative aspects of the Whole. Trying to reduce all of the quadrants to one quadrant is "quadrant absolutism," a wretched form of reductionism that obscures much more than it clarifies; while seeing all of the quadrants mutually arise and "tetra-evolve" sheds enormous light on perpetually puzzling problems (from the body/mind problem to the relation of science and spirituality to the mechanism of evolution itself).

Laloux carefully includes all four quadrants and a detailed description of each as it appears in different organizational types, focusing, again, on the pioneering or Integral stage. As he puts it, "The four-quadrant model shows how deeply mindsets [Upper-Left or "I"], culture [Lower-Left or "we"], behaviors [Upper-Right or "it"], and systems [Lower-Right or "its"] are intertwined. A change in any one dimension will ripple through all the others." He goes on to point out that Mythic and Modern theories of organization focus on "hard" exterior facts (the two Right-hand quadrants), and the Postmodern

introduced the interiors of mindsets and culture (the two Left-hand quadrants)—while often going overboard, as Postmodernism in general did, and claimed that only culture was important. Only Integral organizations deliberately and consciously include all four quadrants (as Laloux's book itself is one of the very few to include all four quadrants in its research). Many Integral writers, while fully aware of all the quadrants, focus on the Left-hand quadrants of levels of consciousness and worldviews, and leave out the Right-hand quadrants of behaviors, processes, and practices necessary to help the emergence of Integral Left-hand dimensions. Laloux points out, for example, that Integral organizational culture (Lower-Left "we") is enacted particularly by Integral role-modeling from those in the organization with moral authority (from the Upper quadrant), and, from the Lower-Right or "its" quadrant, supportive structures, processes, and practices.

As for levels and lines, Laloux states that "In their exploration, [many researchers] found consistently that humanity evolves in stages. Our knowledge about the stages of human development is now extremely robust. Two thinkers in particular—Ken Wilber and Jenny Wade—have done remarkable work comparing and contrasting all the major stage models, and have discovered strong convergence. ... The way I portray the stages borrows mostly from Wade's and Wilber's meta-analysis, touching briefly upon different facets of every stage—the worldview, the needs, the cognitive development, the moral development."

Laloux rightly invites us to be extremely careful what we mean by "a stage." As Howard Gardner made popular, and virtually every developmentalist agrees, there is not just one line of development with its stages or levels, but multiple lines or multiple intelligences, and each of those lines are quite different, with different characteristics and different stage structures. But what's so interesting is that although the various lines are quite different, they all develop through the same basic levels of consciousness. For the moment, let's simply number the levels; or, as Integral Theory often does, you can give them a color name (for example, red, orange, or green). But let's say that there are, in this example, seven major developmental levels through which move, say, a dozen different developmental lines (cognitive, emotional, moral, values, needs, and spirituality, among others). Each line—say cognitive, moral, emotional—evolves through each of the levels, so we can talk about red cognition, red morals, red values (red being level 3). But somebody at orange (level 5) cognition can also be at a red (level 3) conventional moral development. So talking about levels without lines is dangerous.

All of the multiple intelligences in humans develop through *actualization* hierarchies. Cognition, for example, moves from sensorimotor intelligence, to images, then symbols, then concepts, then schema,

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All of the multiple intelligences in humans develop through *actualization* hierarchies. Cognition, for example, moves from sensorimotor intelligence, to images, then symbols, then concepts, then schema,

then rules, then meta-rules, then systemic networks. This is a point worth emphasizing, because Laloux's book shows that organizations operating at the Integral or teal stage no longer work with dominator hierarchies, the boss-subordinate relationships that are pervasive in organizations today. But the absence of dominator hierarchy is not the same thing as the absence of any hierarchy. Even if we look at Graves' work, for example, one of the major defining characteristics of Integral or teal is the return of nested hierarchies, after their almost complete removal at green Postmodern pluralism. (The Postmodernists utterly fail to distinguish between dominator hierarchies, which are indeed nasty, and actualization hierarchies, which are the primary form of natural growth, development, and evolution in the world—atoms to molecules to cells to organisms, for example. Postmodernists toss out all hierarchies as being sheer evil. This is a characteristic of the egalitarian Pluralistic stage and is one of its shadow sides.)

But with the emergence of the teal altitude, hierarchies are all over the place—they're literally everywhere. As Elliott Jacques' works have empirically demonstrated, the way most organizations are structured, those at the lower levels of this hierarchy usually work on the floor or assembly line; those at the intermediate levels mostly work middle management; and those at the upper levels work upper management (including CEO, CFO, COO). What these newer organizations do is move all of those levels—the entire hierarchy itself—into teams of usually 10 to 15 people. Any person, in any team, can make literally any decision for the company—and, in fact, virtually all the major decisions in the organizations are made by team members—including sales, marketing, hiring and recruitment, research and development, salary decisions, dismissals, HR functions, equipment purchases, community relations, and so on. This makes each team, and each person in the team, much more Integral—they can operate on any level in the hierarchy they are capable of, as long as they consult with those who will be affected by the decision (although they don't have to follow the advice), where previously they had been constrained by their place in the pyramid. One of the great findings of Laloux's work is that actualization hierarchies can flourish when dominator hierarchies are removed. A company of 500 individuals thus has, not one but 500 CEO, any one of whom might have a breakthrough idea and be able to implement it, a true self-management move that is one of the major reasons for the astonishing success of so many of these organizations. What happens to middle and much of upper management? Mostly, it doesn't exist. Those hierarchies have been relocated.

This work is, as I said, one of the most important books in the entire second wave of "new paradigm" books. As Laloux is the first to admit, we don't know if all the characteristics, processes, and practices

that he describes will end up actually describing the structure and form that teal organizations will take. But this research deserves to be taken seriously by every Integral, indeed every conventional, student of organizations and organizational development. In terms of AQAL (all-quadrant, all-level) sophistication, there is simply nothing like it out there. My congratulations to Frederic Laloux on a spectacular treatise. May it help many readers gather inspiration to create businesses, schools, hospitals, or nonprofits inspired by this emerging new wave of consciousness that is starting to transform the world.

Ken Wilber

Denver, Colorado
Fall 2013

INTRODUCTION

THE EMERGENCE OF A NEW ORGANIZATIONAL MODEL

You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete.

Richard Buckminster Fuller

Aristotle, the great Greek philosopher and scientist, proclaimed in a treatise written in 350 BC that women have fewer teeth than men.¹ Today we know this is nonsense. But for almost 2,000 years, it was accepted wisdom in the Western World. Then one day, someone had the most revolutionary of ideas: *let's count!*

The scientific method—formulating a hypothesis and then testing it—is so deeply ingrained in our thinking that we find it hard to conceive that intelligent people would blindly trust authority and not put assumptions to the test. We could be forgiven for thinking that, perhaps, people simply weren't that smart back then! But before we judge them too harshly, let's ask ourselves: could future generations be similarly amused about us? Could we, too, be prisoners of a simplistic way of understanding the world?

There is reason to believe we might be. As an example, let me ask you a simple question: How many brains does a human being have? I imagine your answer is "one" (or, if you suspected a trick question, it might be "two," the often-referred-to right and left brains). Our current knowledge is that we have three: there is of course the massive brain in our head; then there is a small brain in our heart, and another in our gut.

CHANGING PARADIGMS: PAST AND PRESENT ORGANIZATIONAL MODELS

*Seeing is not believing; believing is seeing!
You see things, not as they are, but as you are.*

Eric Butterworth

Can we create organizations free of the pathologies that show up all too often in the workplace? Free of politics, bureaucracy, and infighting; free of stress and burnout; free of resignation, resentment, and apathy; free of the posturing at the top and the drudgery at the bottom? Is it possible to reinvent organizations, to devise a new model that makes work productive, fulfilling, and meaningful? Can we create soulful workplaces—schools, hospitals, businesses, and nonprofits—where our talents can blossom and our callings can be honored?

If you are the founder or leader of an organization and you long to create a different workplace, much rides on your answer to that question! Many people around you will dismiss this idea as wishful thinking and try to talk you out of even trying. “People are people,” they will say. “We have egos, we play politics, we like to blame, criticize, and spread rumors. This will never change.” Who can argue with that? But, on the other hand, we have all experienced peak moments of teamwork, where achievements came joyfully and effortlessly. Human ingenuity knows no bounds and radical innovations sometimes appear all of a sudden, out of nowhere. Who would wager we cannot invent much more exciting workplaces?

So which voice should you heed? Is it possible to set a course away from the land of management-as-we-know-it for a new world? Or

ABOUT STAGES OF DEVELOPMENT

There is nothing inherently "better" about being at a higher level of development, just as an adolescent is not "better" than a toddler. However, the fact remains that an adolescent is able to do more, because he or she can think in more sophisticated ways than a toddler. Any level of development is okay; the question is whether that level of development is a good fit for the task at hand.

Nick Petrie

A pause might be in order at this moment in our exploration, before we discuss Evolutionary-Teal, the next stage in human consciousness. Some clarifications may be helpful toward better understanding the process of human evolution and avoiding misunderstandings. Sometimes, when people are first exposed to the notion of successive stages in human evolution, they are so fascinated with the insight that they tend to apply it haphazardly, oversimplifying reality to fit the model. Other people have the opposite reaction; they feel uncomfortable with a model that could be used to label people and put them into different boxes.

Let's first get one potential misunderstanding out of the way: the notion, which makes some people uneasy, that successive stages in development would imply that some people are somehow better than others. It's a valid concern. As a human race, we have done much harm to each other by means of colonialism, slavery, racism, and sexism, in the name of one group being "better" than other groups.

Human consciousness evolves in successive stages; there is no wishing away the massive amount of evidence that backs this reality. The problem is not with the reality of the stages; it is with how we view the staircase. We get into trouble when we believe that later stages are

EVOLUTIONARY-TEAL

The most exciting breakthroughs of the twenty-first century will not occur because of technology, but because of an expanding concept of what it means to be human.

John Naisbitt

The next stage in human evolution corresponds to Maslow's "self-actualizing" level; it has been variously labeled authentic, integral, or Teal.¹ This stage is the last one identified by Maslow's hierarchy of needs (though he later hinted at another stage of "self-transcendence"), but other researchers and thinkers have established with a fair amount of confidence that evolution doesn't stop there (Appendix 2 gives a short description of subsequent stages). Maslow and other authors agree, in any case, that the shift from Green to Teal is a particularly momentous one in the human journey—so much so that Graves and others in his wake have used the term "first-tier" consciousness for all stages up to Green and the term "second-tier" for the stages starting with Teal. All "first-tier" stages consider that their worldview is the only valid one, and that all other people are dangerously mistaken.² People transitioning to Teal can accept, for the first time, that there is an evolution in consciousness, that there is a momentum in evolution towards ever more complex and refined ways of dealing with the world (hence the adjective "evolutionary" that I will use for this stage).

[In Teal] the ego becomes more of a variable, less of an absolute.

William Torbert

Taming the fears of the ego

Each shift occurs when we are able to reach a higher vantage point from which we see the world in broader perspective. Like a fish

THREE BREAKTHROUGHS AND A METAPHOR

*Nothing is as powerful as
an idea whose time has come.*

Victor Hugo

Up to this point in history, humanity has experienced four ways to collaborate in organizational settings, based on four very different worldviews: Impulsive-Red, Conformist-Amber, Achievement-Orange, and Pluralistic-Green. Each of these organizational models has brought about major breakthroughs, and allowed us to tackle more complex problems and achieve results of unprecedented scale. (Page 36 summarizes the breakthroughs and the dominant metaphors of the different models).

As more people engage with the world from an Evolutionary-Teal perspective, it's fair to assume that more Teal Organizations will start to arise. What breakthroughs will they bring about? What metaphors will capture their essence? Here, in summary, are some answers that emerged from the research into pioneer Teal Organizations.

A new metaphor: organizations as living systems

Achievement-Orange speaks of organizations as machines; Pluralistic-Green uses the metaphor of families. Several of the founders of the Teal Organizations researched for this book explicitly talk about the need for a new metaphor. Clearly, looking at organizations as machines feels soulless and constraining; these founders don't want to play the all-important CEO who pulls levers at the top to propel the

CHAPTER 2.2

SELF-MANAGEMENT (STRUCTURES)

Why do so many people work so hard so they can escape to Disneyland? Why are video games more popular than work? ... Why do many workers spend years dreaming about and planning for retirement?

The reason is simple and dispiriting. We have made the workplace a frustrating and joyless place where people do what they're told and have few ways to participate in decisions or fully use their talents. As a result, they naturally gravitate to pursuits in which they can exercise a measure of control over their lives.

In most organizations I have been exposed to around the world, ... we still have the offices "above" the working people ... who, without consulting workers, make decisions that dramatically affect their lives.

Dennis Bakke

The concentration of power at the top, separating colleagues into the powerful and the powerless, brings with it problems that have plagued organizations for as long as we can remember. Power in organizations is seen as a scarce commodity worth fighting for. This situation invariably brings out the shadowy side of human nature: personal ambition, politics, mistrust, fear, and greed. At the bottom of organizations, it often evokes the twin brothers of powerlessness: resignation and resentment. Labor unions were born from the attempt to confederate power at the bottom to counter power from the top (which in turn tries to break the power of unions).

SELF-MANAGEMENT (PROCESSES)

Self-organization is not a startling new feature of the world. It is the way the world has created itself for billions of years. In all of human activity, self-organization is how we begin. It is what we do until we interfere with the process and try to control one another.

Margaret J. Wheatley and Myron Kellner-Rogers

Self-management requires an interlocking set of structures and practices. The previous chapter dealt with the structural aspects of self-management—for example, how the pyramid makes way for teams and how typical staff functions can be embedded within the teams. Change only the structure, though, and you are left hanging in midair. With the pyramid gone, many of the most fundamental organizational processes need to be reinvented—everything from decision-making practices to information flow, from investments to performance evaluations and compensation processes. We need answers to some very basic questions: if there is no longer a boss to call the shots, how do decisions get made? Who can spend company money? How is performance measured and discussed? What prevents employees from simply slacking off? Who gets to decide who deserves a salary increase or a bonus? This chapter will explore each of these questions in turn.

Decision-making—the advice process

If there is no formal hierarchy, how are decisions made? Can anybody just make any decision? That sounds like a recipe for chaos. Are

STRIVING FOR WHOLENESS (GENERAL PRACTICES)

A human ... experiences himself, his thoughts and feelings, as something separated from the rest. This delusion is a kind of prison for us, restricting us to our personal desires and to affection for a few persons nearest us. Our task must be to free ourselves from this prison by widening our circles of compassion to embrace all living creatures and the whole of nature in its beauty.

Albert Einstein

Historically, organizations have always been places where people showed up wearing a mask, both in an almost literal and in a figurative sense. Literally, we see this in the bishop's robe, the executive's suit, the doctor's white coat, and the uniforms at a store or restaurant, to name a few. The uniform signals a person's professional identity and rank. It is also a claim the organization makes on the person: while you wear this uniform, you don't fully belong to yourself. You are to behave and show up not as yourself, but in certain pre-determined, acceptable ways.

Along with the uniform comes a more subtle influence: people often feel they have to shut out part of who they are when they dress for work in the morning. They put on a professional mask, conforming to expectations of the workplace. In most cases, it means showing a masculine resolve, displaying determination and strength, hiding doubts and vulnerability. The feminine aspects of the self—the caring, questioning, inviting—are often neglected or dismissed. Rationality is valued above all other forms of intelligence; In most workplaces the emotional, intuitive, and spiritual parts of ourselves feel unwelcome, out of place.

STRIVING FOR WHOLENESS (HR PROCESSES)

We have developed speed but we have shut ourselves in. Machinery that gives abundance has left us in want. Our knowledge has made us cynical, our cleverness hard and unkind. We think too much and feel too little. More than machinery we need humanity; more than cleverness we need kindness and gentleness. Without these qualities, life will be violent and all will be lost.

Charles Chaplin
(speech from the Jewish
barber in *The Great Dictator*)

Striving for wholeness is no easy task. With every unsettling event, we are tempted to seek refuge in separation. Our soul goes into hiding and the ego takes over, doing what it feels it needs to do to make us feel safe. But it's a safety that comes at a cost: we now relate to others and ourselves with fear and judgment, no longer with love and acceptance.

In many wisdom traditions, the highest purpose in life is overcoming separation and reclaiming wholeness. The practices outlined in the previous chapter—explicit ground rules, conflict resolution processes, meeting practices, reflective spaces, office buildings—are all designed to create a space that is safe enough to reveal our selfhood, to venture into individual and collective wholeness. The pioneer organizations researched for this book found they couldn't stop there. They also reframed all of the key human resources processes—recruitment, onboarding, evaluation, compensation, dismissal—because too often the way we go about them in organizations today brings out fears and separation.

LISTENING TO EVOLUTIONARY PURPOSE

Life wants to happen. Life is unstoppable. Anytime we try and contain life, or interfere with its fundamental need for expression, we get into trouble. ...

Partnering with life, working with its cohering motions, requires that we take life's direction seriously. Life moves toward wholeness. This direction cannot be ignored or taken lightly. People do not respond for long to small and self-centered purposes or to self-aggrandizing work. Too many organizations ask us to engage in hollow work, to be enthusiastic about small-minded visions, to commit ourselves to selfish purposes, to engage our energy in competitive drives. ... When we respond with disgust, when we withdraw our energy from such endeavors, it is a sign of our commitment to life and to each other.

M. Wheatley and M. Kellner-Rogers

Few business leaders have become living legends. Jack Welch is one of them. Under his leadership, General Electric (GE) has achieved extraordinary financial success. In many ways, GE and Jack Welch are poster children of Orange Organizations and Orange leadership—pushy to the point of ruthlessness, clever, and highly successful. After he retired, Welch wrote a book that distills his lessons in management. The title of the book has only one word, but it speaks volumes about the fundamental drive of Orange Organizations: *Winning*. Welch's book is emblematic of a whole genre of business books that promise readers they will learn the secrets to make their company successful, increase profit, gain market share, and beat the competition. The implied promise,

COMMON CULTURAL TRAITS

Culture is a little like dropping an Alka-Seltzer into a glass. You don't see it, but somehow it does something.

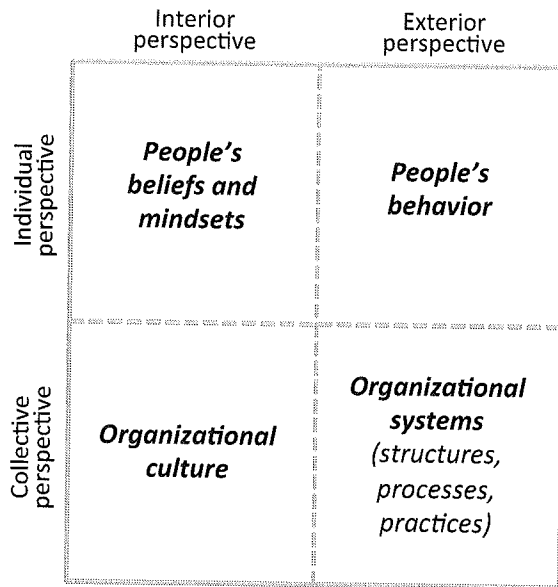
Hans Magnus Enzensberger

The previous three chapters have focused on organizational structures, systems, processes, and practices—the tangible aspects of Teal Organizations. This chapter discusses the less visible but equally powerful aspect of *organizational culture*. The term is generally used to refer to the assumptions, norms, and concerns shared by the people of an organization. A simpler way to put it is: culture is *how* things get done, without people having to think about it. It's something in the air that visitors pick up on when they walk the hallways of an organization. Often we can't pinpoint anything in particular, and yet everything is revealing to some extent—for example, how offices are decorated, what people talk about at the water cooler, the jokes they make, how people with big and small jobs interact, how people deal with good and bad news. Bob Koski, the co-founder of Sun Hydraulics, called it the *character* of an organization:

I judge the character of an organization in two ways. To gauge its short-term health, I listen for what kind of humor—dark, lively, or absent—appears throughout the organization and notice if people line up to leave as soon as the bell rings at the end of the day. To assess its long-term quality or strength, I wonder how well it can heal itself from injury. Does it enable people to take risks so they can develop the self-confidence that allows healing? Is there a practice of comforting? Are there big objectives? Does it foster a corporate culture of trust and questioning, even though questioning can be a sign of distrust?¹

context (the collective dimension). Only when we look at all four aspects will we get what Wilber calls an *integral* grasp of reality.

Wilber's insight, applied to organizations, means that we should look at 1) people's mindsets and beliefs; 2) people's behavior; 3) the organizational culture; and 4) the organizational structures, processes, and practices. (Incidentally, this is what this book does for Teal Organizations: mindsets, beliefs, and behaviors are discussed in chapter 1.3 and 3.1; organizational systems in chapters 2.2 through 2.6; and organizational culture in this chapter.)



Wilber's four-quadrant model
applied to organizations

A practical example can help us better understand the model. Let's take the common (Orange) belief that people are motivated by money and recognition. Leaders who hold such a belief (upper-left corner) will naturally put in place incentive systems that match their belief: people should be given ambitious targets and a lofty bonus if they reach them (lower-right quadrant). The belief and the incentives will likely affect people's behavior throughout the organization: people will behave individualistically; they will be tempted to cut corners if needed to make the numbers (upper-right quadrant). And a culture will develop that esteems great achievers above team players (lower-left corner).

NECESSARY CONDITIONS

Today, there is almost too much focus on leadership, mainly because it is widely thought to be the key to economic success. In fact, the degree to which a leader can actually affect technical performance has been substantially overstated. ...

On the other hand, the importance and impact of moral leadership on the life and success of an organization have been greatly underappreciated.

Dennis Bakke

What are the necessary conditions for creating a new organization with Evolutionary-Teal principles, structure, practices, and culture? Or to transform an existing one? Are there some critical ingredients without which we don't need to bother trying? The research behind this book suggests that there are two—and only two—necessary conditions, in the following two spheres:

1. **Top leadership:** The founder or top leader (let's call him the CEO for lack of a better term) must have integrated a worldview and psychological development consistent with the Teal developmental level. Several examples show that it is helpful, but not necessary, to have a critical mass of leaders operating at that stage.
2. **Ownership:** Owners of the organization must also understand and embrace Evolutionary-Teal worldviews. Board members that "don't get it," experience shows, can temporarily give a Teal leader free rein when their methods deliver outstanding results. But when the organization hits a rough patch or faces a critical choice, owners will want to get things under control in the only way that makes sense to them—through top-down, hierarchical command and control mechanisms.

STARTING UP A TEAL ORGANIZATION

*Whatever you do or dream you can do—begin it.
Boldness has genius and power and magic in it.*

Johann Wolfgang von Goethe

Perhaps as you read this book you are about to start a new business, nonprofit, school, hospital, or foundation, and you are wondering how to bake Teal yeast into the dough of the organization from the start. (If you run an *existing* organization and are wondering how to transform it along Teal lines, the next chapter addresses that question more specifically.)

Starting a new organization can be exhilarating, but it's also sheer hard work. Here is the good news: it seems that operating on Teal principles from the start can make for a smoother ride.

In a way, in the very early stages, all startups tend to be pretty informal, self-organizing efforts. But when the organization grows, every so often it goes through a painful molt, and adds another layer of structure, hierarchy, and control. In comparison, Teal Organizations adapt and grow continuously, fluidly, and organically.

Experience also shows that it is easier to start out from Teal, rather than transforming an existing structure with its history and baggage from previous paradigms. Starting with a clean slate, you can listen in to the organization's purpose and shape the culture, the practices, the people you recruit, and other factors, accordingly. Here are some of the obvious questions to listen in to:

TRANSFORMING AN EXISTING ORGANIZATION

A radical inner transformation and rise to a new level of consciousness might be the only real hope we have in the current global crisis brought on by the dominance of the Western mechanistic paradigm.

Stanislav Grof

Most of the organizations researched for this book started experimenting with alternative management practices from the day they were founded, but a handful among them used to operate along the Amber/Orange paradigm before transforming to Teal. FAVI used to be an exceedingly hierarchical and control-minded factory before Jean-François Zobrist shook it up. AES is a special case: from the start, it operated on pioneer practices, but in its massive growth in the 1980s and 1990s, it acquired dozens of traditionally run power plants, which all successfully transitioned to adopt Teal management practices. And then there is HolacracyOne, a consultancy specializing in bringing self-management practices to existing organizations.

These are only a handful of organizations, but I believe their experiences offer some critical insights and food for thought for leaders contemplating a transition in the way their organizations operate. I have no doubt that in the future, as more organizations transition to Evolutionary-Teal, we will refine our understanding of what it takes to help organizations make the leap.

So, if you are part of an existing organization, what can you do to help it adopt Teal structures and practices? First, you need to check whether the two necessary conditions discussed in chapter 3.1 are present:

CHAPTER 3.4

RESULTS

The ideology of leadership and management that underpins large-scale human organizations today is as limiting to organizational success as the ideology of feudalism was limiting to economic success in the sixteenth and seventeenth centuries.

Gary Hamel

Penguins are strange, funny creatures. Their legs somehow too short for comfort, they don't walk as much as totter, their whole body falling sideways onto one foot and then sideways again on the other, their wings sometimes gesticulating to maintain balance. We could be forgiven for wondering how evolution produced such clumsy animals. But when penguins jump from land into water, it's a different story. They are unusually gifted swimmers; fast, agile, and joyful under water, they can swim more than 4,000 miles on the energy of a gallon of petrol (2,000 kilometers on a liter). No human machine comes close in terms of efficiency.

The penguin is an apt metaphor, I believe, for the power of context. The environment we operate in determines how much of our innate potential we can manifest. Every time humanity shifted to a new stage of consciousness, the new organizational model it developed—first Red, then Amber, then Orange, then Green—allowed more of our talent and potential to unfold. Today we are at a crossroads again. Despite the unprecedented prosperity and life expectancy that modern organizations have provided us with over the last hundred years, I have the sense that in these organizations, we humans still totter somewhat clumsily like penguins on land—our talent and potential constrained by the many ills of corporate life: politics, infighting, bureaucracy, silos, breakdowns in communication, resistance to change, and so forth. The

TEAL ORGANIZATIONS AND TEAL SOCIETY

The only thing we know about the future is that it will be different. Trying to predict the future is like trying to drive down a country road at night with no lights while looking out the back window. The best way to predict the future is to create it.

Peter Drucker

In the past, with every change in consciousness (from Infrared to Magenta, to Red, to Amber, to Orange, and to Green) the very foundations of human society shifted: the techno-economic base (from hunting and gathering to horticulture, to agrarian, to industrial, to post-industrial); the social order and political governance (from bands to clans, to proto-empires, to feudal civilizations, to nation states, to supranational bodies); the religious/spiritual order (from the world of spirits to institutionalized religion to secularism). For instance, with the shift to Amber, humanity accessed feudal agrarian civilizations and institutionalized religion. And with Orange came the Scientific and Industrial revolutions, as well as liberal democracies, the nation-state, and secularism. Most likely, as we shift to an Evolutionary-Teal society, we can again expect fundamental changes to the economical, technological, political, and spiritual bases of human civilization.

Some academics have devised methodologies to measure a person's stage of development. Their samples indicate that the percentage of people relating to the world from an Evolutionary-Teal perspective is still rather small, at around five percent in Western societies. And

RESEARCH QUESTIONS

The introductory chapter laid out the essence of the research methodology used to uncover what has been shared in this book. With varying degrees of depth, 12 organizations were analyzed so as to understand their pioneer practices in the fields of management and collaboration. Two sets of research questions were used. The first relates to 45 fundamental business practices and processes, to understand how these pioneer organizations operate on a daily basis. The second set comprised 27 questions related to the past and the future: the conditions that allowed a novel organizational model to emerge, and the critical factors for it to keep operating along these new lines.

Research questions part 1:

Structure, processes and practices

For each of the following 40-plus practices and processes: In what ways do you sense **your organization approaches them differently** than other organizations in your field, be it in terms of **actions** or in terms of **intention**?

Major organizational processes

1. Purpose and strategy
For example: What process is used to define purpose and strategy? Who is involved? Who senses when it is time to review purpose or strategy? ...
2. Innovation (product development, process development, R&D)
For example: What practices and processes are used to foster innovation? Who is involved? Who filters and decides what gets attention and funding? ...

BEYOND EVOLUTIONARY-TEAL

At all times, some people have operated from stages higher on the developmental ladder than the majority of the population. The number of people operating from stages beyond Evolutionary-Teal is, percentage wise, very small presently. For that reason, our knowledge about these stages is somewhat hazy. There are comparatively fewer "subjects" to research. And there are also fewer researchers: many of the scholars that have researched, thought, and written about stages of human consciousness have stopped their exploration at Teal, or even earlier. For instance, it seems fair to say that Conformist-Amber corresponds with the most advanced stage in Freud's writings; Piaget saw "Formal Operational," the cognitions corresponding to Achievement-Orange, as the final stage; and Maslow's pyramid ends at Teal "Self-Actualization," although he later hinted at the possibility of a further stage of self-transcendence. Only a small number of researchers have explored stages beyond Evolutionary-Teal, probably for a simple reason: one must to some degree have tasted these stages oneself to discern them with clarity and write about them competently.

What we know about these higher stages varies along the dimensions of development (the "lines" in the language of Integral Theory). There is much we know about spiritual development beyond Teal, because spiritual traditions, especially in the East but also in the West, have explored this area for hundreds, even thousands, of years. We know less about other dimensions, for instance the psychological, cognitive, and moral. Ken Wilber and Jenny Wade have both critically reviewed and summarized the work of scholars who have written about these later stages. I invite readers who are interested in deepening their understanding beyond the few paragraphs below to read their work, referenced in the bibliography.

STRUCTURES OF TEAL ORGANIZATIONS

All organizations prior to the emerging stage of Evolutionary-Teal were structured in a pyramidal shape, for a simple reason: the hierarchical boss-subordinate relationship cannot stack into anything other than a pyramid. In self-managed organizations, peer commitments replace hierarchical relationships, and the pyramid can finally collapse and rest with history. But it would be a mistake to think that because there is no hierarchy, self-managing organizations are simply flat and structureless. How then are self-managing organizations structured? Unlike the single template of the pyramid, self-managing organizations can adopt different forms to fit the context they operate in. From the pioneer organizations researched for this book we can derive three broad types of structure (and perhaps others are yet to emerge). This appendix describes these three structures and discusses how certain contexts might call for a certain structure above another.

1. Parallel teams



This is the structure I've encountered most often in my research. FAVI has structured its 500 factory workers in 21 self-managing "mini-factories;" RHD operates its programs with self-managing "units;" Buurtzorg's 7,000 nurses are clustered in hundreds of teams of 10 to 12 colleagues working in a specific neighborhood. This model is highly suitable when work can be broken down in ways that teams have a high degree of autonomy, without too much need for coordination across teams. They can then work in parallel, side by side. In this model, it is within the team setting that colleagues define their roles and the mutual commitments they

OVERVIEW OF TEAL ORGANIZATIONS' STRUCTURES, PRACTICES, AND PROCESSES

The tables below contrast the structures, practices, and processes of Teal Organizations with those of Orange Organizations (the predominant frame of reference in management thinking today).

	Orange practices		Teal practices
STRUCTURE			
1. Organization structure	<ul style="list-style-type: none"> • Hierarchical pyramid 	➔	<ul style="list-style-type: none"> • Self-organizing teams • When needed, coaches (no P&L responsibility, no management authority) cover several teams
2. Coordination	<ul style="list-style-type: none"> • Coordination through fixed meetings at every level (from executive team downwards), often leading to meeting overload 	➔	<ul style="list-style-type: none"> • No executive team meetings • Coordination and meetings mostly ad hoc when needs arise
3. Projects	<ul style="list-style-type: none"> • Heavy machinery (program & project managers, Gantt charts, plans, budgets, etc.) to try and control complexity and prioritize resources 	➔	<ul style="list-style-type: none"> • Radically simplified project management • No project managers, people self-staff projects • Minimum (or no) plans and budgets, organic prioritization
4. Staff functions	<ul style="list-style-type: none"> • Plethora of central staff functions for HR, IT, purchasing, finance, controlling, quality, safety, risk management, etc. 	➔	<ul style="list-style-type: none"> • Most such functions performed by teams themselves, or by voluntary task forces • Few staff remaining have only advisory role