

Competing in The New Capitalism

How Individuals, Teams and Companies
Are Creating the
New Currency of Wealth

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Lawrence M. Miller
Contact LMMiller@lmmiller.com
WWW.LMMILLER.COM

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INTRODUCTION

This book is about creating high performing organizations, teams and individuals in the new capitalism. There is now a voluntary, self-initiated, self-organized, free enterprise transformation of capitalism into something better. Capitalism is transforming, not simply because of the external force of regulation, but because of the internal exertion of virtuous self-interest.

For the past thirty years, I have worked to help companies create high performing organizations. Sometimes those efforts were linked to quality improvement, sometimes to improving the culture, and sometimes focused on improving financial performance. However, high performance results from a few common ingredients:

First, sustained high performance results from the leader's ability to define and create a culture that unites energy and effort. I have identified *nine disciplines* that characterize high performing organizations, teams and individuals. It is the exercise of these disciplines that creates high performance.

Second, there are *five forms of capital* that are linked together to form a whole-system in every organization. To achieve sustained high performance we must redefine our understanding of corporate and personal wealth. The very game of free enterprise needs redefining by acquiring a new understanding of capital. Capital is both the input and the output of every economic unit. To understand capital as simply money is to be stuck in the economy of the nineteenth century. It is time for countries and companies to embrace a new understanding of capital and build their organizations with the intent of both employing and creating all five forms of capital.

Third, maximum performance only comes when seeking the highest ideal at *three levels* – the individual, the team and the organization. These three levels are interdependent and success at one level leads to success at another.

There is a formula, a simple way of remembering the path to high performance. This is the culture code that when unlocked is the cause of both wealth and happiness, corporate or personal.

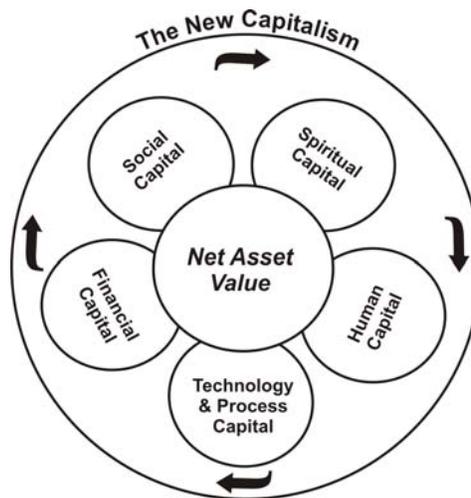
$$9 \times 5 \times 3 = 1$$

Before attempting to unlock this code, there are a few central ideas that will help define the playing field of competition in the new capitalism.

In the previous centuries of capitalism, money ruled. Today, a creative personality, such as Steve Jobs together with the talented minds at Pixar, may play a major role in determining the future course of a company like Disney. Yet, they exert their influence without investing one dollar in Disney stock. Their influence over Disney only exists to the degree they have established social, human and technical capital. Financial capital follows and does not lead. This is the norm in the new economy.

Many books have been written about the new economy. These tend to address the rise of technology, the knowledge economy and globalization. While these are all forces to be reckoned with, these are not my concern here. These are all external forces, the playing field on which business must compete. These issues, as important as they are, do not address the internal transformation that is now required for success. This is a book about the transformation from the inside out. The nature of capitalism, competition and management are all transforming because we have grown in our knowledge and understanding.

While I am an optimist, I am not blind to injustice, inequities or human failures that are often associated with capitalism. Those failures often result from the sole focus on financial capital and dismissing the power of social and spiritual capital. I believe that our civilization is advancing, moving forward on an inclining plane and moving toward a stage of maturity in which we will recognize that the good and the gold, human virtue and self-interest, must ultimately be pursued as one. If the reader wishes to find a litany of past or present evils of business, you will have to look elsewhere. My mission here is to point forward and define a path toward a more ideal future.



Capitalism is not only the private control of financial capital, it is also the private control of social capital, human capital, spiritual capital, and technology or process capital. What you own when you buy the stock of a company, is not merely the value reported on the balance sheet and income statement. If you knew that a corporation, with no current income, had just hired a team of scientists who had the capability to discover the cure for cancer, the financial statements would in no way reflect the value of that firm. You would recognize that the human capital would represent future financial capital. The same is true of Pixar and almost every other firm whose value is in human talent and creativity. Similarly, if you knew that the leaders of a company adhered to the highest ethical standards and were motivated by a worthy purpose that inspired the members of the organization to their highest possible efforts, the value of the firm would be greater than if the reverse were true. And, if you knew that the firm had instituted the most productive and effective sales, manufacturing and product development processes, you would know that the firm possessed an asset that might be deficient in another firm. True wealth, net asset value, is not measured by the financial balance sheet.

It is time that we who are engaged in the practice of free enterprise define ourselves, the nature of our system, and the future of that system. There is no viable alternative to capitalism. The only alternative is state ownership of capital and we have witnessed a one hundred year experiment which proved that whatever evils were attributable to capitalism, those of state socialism were ten times worse.

Capitalism is, however, a living thing that grows and changes form. The power of social capital to create economic value must now be taken into account. The reality that always has been, that spiritual capital, the power of purpose and adherence to shared values will determine the wealth of individuals and groups, must now be part of the equation of capitalism. Human capital, the competence and motivation of those who work in an enterprise is the real “equipment” of production in the new economy. And, process innovation and technology are among the key asset of any successful business today. Capitalism can no longer be understood by the measure of the balance sheet.

The thesis of this book is based on an assumption of change. Capitalism will evolve, not only as a result of legislation, but as a result of what works in the competitive market place. We, the business community, will transform capitalism again because we must strive to remain competitive.

One of the reasons for this transformation is our understanding of wealth at a personal level. Maturity impels one to a more profound understanding of the nature of wealth.

Doc Watson has been blind from childhood and lives in a modest home in Deep Gap, North Carolina. But, Doc Watson is one of the wealthiest men I know. He is a genius of acoustic folk guitar and spent a lifetime bringing joy to others through his music. To watch him on stage with his friends, playing together in a spontaneous conversation of brilliant licks and ancient melodies makes me want to be nowhere else on earth. Watching Doc on stage is like sitting in a good friend's living room as he plays with no stress or strain to perform like anyone else. It is not only his music, which is in harmony, but his soul. Doc sings the songs of the Appalachian Mountains, not Nashville commercial country, but the country of deep roots, deep sorrow and deep faith. When Doc lost his sight, God sprinkled the magic dust of talent on his shoulder and he has developed every measure of that talent. To know Doc Watson is to know the joy of authenticity, the demonstration of internal unity and cohesion. Then I watch Donald Trump's *The Apprentice* as the winning team receives the "reward" of a visit to Trump's gold plated penthouse mansion. The contestants stare with wide-eyed envy and dream that someday they may be this successful. They will pursue the gold and one day wake up and ask what they left behind.

Everyone wants to be a millionaire, or is it billionaire now? But will you really be happy if you have a million or a billion? There is research that answers this question and it says that you will not be any happier than someone who has very modest wealth. The pursuit of millions to achieve happiness is the pursuit of an illusion. Happiness, however, is not an illusion. It comes to those who know that they are making their best contribution, developing their unique talents and abilities, and who know that they are utilizing those talents for a worthy purpose. The ability to create unity of our material, spiritual, social and intellectual selves is like the harmonious pleasure of a well played melody.

This is not a book of academic research or theory, but of practical advice. However, there are two significant areas of research, upon which this book is based. I believe that future management thinking will be significantly altered as managers discover how to apply these new perspectives in the practical world of our organizations. The first of these

is *whole-system thinking*¹ and the second is the emerging field of *positive psychology*². In their essence, these are both based on simple ideas, but ideas that create a radically different approach to improving our organizations.

Most management efforts to improve performance have focused on fixing problems and analyzing the root-cause of those problems. It is a view that begins with big things and narrows the focus to smaller and more specific things. We have learned to derive satisfaction from this reductionism, finding specific causes, measuring them, and watching the data improve. This has served us well. As a result, we drive more reliable cars and every other manufactured product is delivered at both lower cost and greater reliability.

Whole-system thinking, on the other hand, looks up and out to understand the macro-system and to envision major system breakthroughs. It asks questions about the big systems and their nature. It looks at all the interrelationships of a complex system and seeks strategic changes in that system. Focused problem solving can never address the complexity of a whole system. It requires a complete paradigm shift from traditional problem solving. In short, if you engaged in quality improvement problem solving within a dictatorship, you might improve the efficiency of the police, administration, etc. However, you would still have a dictatorship because the transformation to democracy cannot be achieved through detailing the causes of specific problems. That transformation requires looking upward and outward to primary principles and the nature of the system. This upward and outward view is whole-system thinking.

Over the past two decades I have led many dozens of *whole-system design* projects in which my consultants and I helped our clients by rethinking the entire system of the organization. This process is described in the chapter on organization strategy.

In a somewhat similar way, positive psychology is a radical departure from traditional psychology. Traditional psychology has also

¹ A good starting point to examine the more academic or theoretical underpinnings of whole-system theory would be *Wholeness and the Implicate Order* by David Bohm.

² I will provide a number of references in the following chapters, but a comprehensive presentation of positive psychology applied to organizations can be found in *Positive Organizational Scholarship* by Kim S. Cameron, Jane E. Dutton and Robert E. Quinn.

been problem focused, seeking to understand mental illness and emotional disturbance. It has focused on negative deviation from the norm, just as quality management has focused on negative deviation in production processes. Positive psychology studies why people are happy and successful. It is the psychology of positive deviation rather than negative deviation.

Many of the principles discussed in the following pages, draw on the research in the field of positive psychology. While I do not reject problem solving, I also recognize that even greater good can be derived from looking at the positive exceptions in both organizations and people.

While avoiding academic language this book attempts to apply these two very significant developments in theory and research to the practical life of managers, teams and organizations. My thirty-four years of experience is entirely in the “natural setting” or the “real world” of organizations and that experience is the filter through which I must process all new theories or research.

This book is organized in two parts: the first, *The Nine Disciplines of High Performance in the New Capitalism*, defines the value creating practices of wealth creation. These serve to unify energy within winning individuals, teams and the organization. These disciplines are not necessarily new. Some are tried and true. They are simply what works to instill a culture of high performance in this age. They have been proven in hundreds of firms on every continent. Yet, their disciplined practice is rare.

The second part of this book, *A Strategy for Creating the Five Forms Wealth*, defines the five forms of capital in specific terms and outlines a process of development and change.

I never read a book from front to back in a linear process of page turning and I suspect the reader is not so obedient that he or she will do so either. Each chapter stands on its own. They can be read in any order you choose. If the reader wishes to explore the specifics of social, spiritual or other forms of capital, I suggest you skip forward to Chapter Ten through Twelve. There are four chapters in part two: one devoted to developing organizational strategy; one devoted to the development of the team as a business unit; one devoted to developing yourself as your own business unit; and lastly, a modest consideration of the implications for a national strategy.

Part One:

***The Nine Disciplines of High Performance in
the
New Capitalism***

Chapter 1

Broad-Slicing the Organization: *Creating Unity of Energy and Effort*

In his book *Blink*, Malcolm Gladwell used the term *thin-slicing* to describe a focused intuitive knowledge that allows an apparent snap judgment. Thin-slicing is the act of relegating the decision-making process, to what Gladwell calls the *adaptive unconscious*, by focusing on a small set of key variables. Gladwell gives compelling examples of art experts, such as those who are able to recognize fraudulent art, even when contradicting research shows the art to be genuine. Something about it, some small clue, alerted their intuitive judgments. While this presents an interesting insight into the decision-making process, it is my observation that a very different kind of intuition is the key to creating value in an organization.

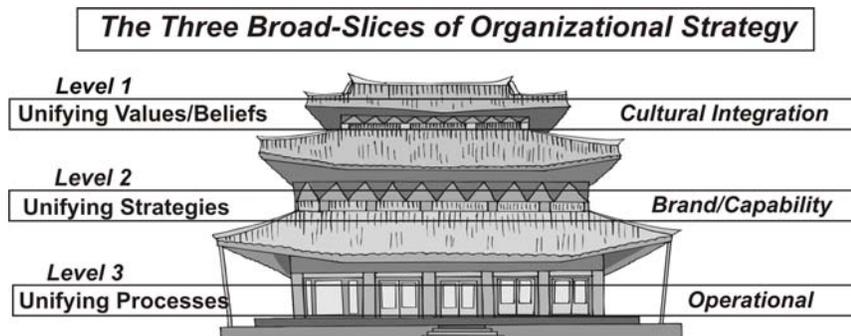
Another kind of judgment, far more essential to creating value, which I will simply call ***broad-slicing*** is essential to the performance of the individual, team and company. Broad-slicing is the ability to slice across an organization and see the connections, the need for solutions, which consider knowledge of the whole, knowledge that unifies the energies and effort of the members of the organization. ***Broad-slicing is the presence or promotion of principles; strategic purpose; or processes that serve to create unity of energy and effort throughout an organization or culture.***

In many ways, our culture is in a period of fragmentation, dividing into ever more narrow interest groups. In our corporations, we have increasingly narrow specialization in which experts develop their own priorities, plans and even language. There is a desperate need for leadership that can unite energy and effort into one force. Such competence is essential not only for leaders, but also for all those who seek to build economic values.

Every organization should have both external and internal strategy. The external or business strategy defines the desired market position. It defines how to position products or services to serve customers in relation to the market competition. Internal strategy defines the capability of the organization that will enable achievement of the external strategy. Defining and implementing the three broad-slices of the internal strategy will inevitably generate focused effort and a sense of unified purpose toward achieving the business strategy.

The Three Levels of Broad-Slicing

The three levels of broad-slicing begin with the most macro principles and proceed to what may become highly specific and defined processes. At the highest level are cultural values and beliefs that form bonds of common purpose. At the second level are business strategies that cause all work to support shared goals. At the third level are either the detailed core work processes, a chain of activities that flow from the earliest creation of input to the final satisfied customer.



Unifying values, cultural principles, language or religion all serve the need for cultural integration. In the political world, it is the difference between the liberation of Poland and the liberation of Yugoslavia, and possibly that of Iraq. The people of Poland were keenly aware of the broad-slices that linked them as a people – language, religion, common history and culture. In Yugoslavia, these unifying mechanisms operated in reverse and we know the result in Bosnia, Croatia and Kosovo. Today we are witnessing the struggle to create broad-slices across Iraq that may be able to hold the three primary populations together in some form of unified whole. Any country must be held together by either authoritarian

force (former Iraq, Soviet Union, etc.) or by the existence or creation of broad-slices, common goals, interests, needs, philosophy or religion, that create an internal desire for affiliation. Unity of a people is ultimately a voluntary act. To be successful, the leader must elicit this voluntary response by articulating and promoting mechanisms of unity.

In companies such as Dell, Honda or General Electric there are ideas, cultural principles, which serve as unifying mechanisms in ways very similar to those in national cultures. Honda's "racing spirit" and their core competence in engine technology are broad-slices that unify the diverse business units.

Some years ago, my consultants and I worked with Chick-fil-A, in my judgment the best fast food company in the world. When you visit the Atlanta headquarters building, you may observe the cornerstone with the inscription "Dedicated to the Glory of God." The words are no mere platitude; rather their meaning permeates every function and daily life at Chick-fil-A. Their official corporate purpose is *"to glorify God by being a faithful steward of all that is entrusted to us and to have a positive influence on all who come in contact with Chick-fil-A."*

I now live in Annapolis, Maryland and when I visit the Annapolis Mall during lunchtime, there are a dozen fast food counters all handing out samples and chattering to gain your attention. Then there is the Chick-fil-A counter with four rows of three to five people deep in each row, eagerly waiting to be served. I always feel sorry for those working at the other counters.

Is there any relationship between the depth of the lines at the Annapolis Mall and the cornerstone of the headquarters building? I believe there is. Every customer knows that every Chick-fil-A store is closed on Sunday. Most know about their generous scholarship programs and other community service projects. And, of course, the food is consistently of high quality. Yet, that is not the root cause of Chick-fil-A's success. The root cause is their deeply ingrained dedication to a noble purpose – their commitment in the bonding of all employees into a set of common cultural values. This, customers can trust! Customers are attracted and loyal to a product and a brand founded on the strength of noble values.

Some years ago, Honda America Manufacturing was using one of my previous books to train their newly hired managers in the "Honda Way." When I visited Marysville, one of the striking differences in their culture was the daily team meetings held by every team and every employee, before the production line started. These meetings were to

review any changes, gain the input of their associates, identify and solve immediate problems.

Some time after one of my visits to Honda, I was speaking at a quality or productivity conference. In one of the front rows, I noticed four or five men whose conference badges revealed that they were from General Motors. When I shared the example of the daily team meetings at Honda, one of them shot his arm in the air. With an air of great authority, he asked me “What is the cost benefit of those meetings if they shut the production line down for twenty minutes?”

He had me. I honestly had no idea and in front of a group of several hundreds, I told him so. He was quick to reply, “Well at GM we know the value of that line running each minute and second and you’re not going to stop it unless you can demonstrate a cost benefit!”

After the conference, I returned to Marysville. Scott Whitlock was the Executive Vice President of Honda America Manufacturing and personally taught the “Honda Way” course. I told him about the above incident and I asked him if they had ever computed the cost benefit of those daily meetings. He looked at me with an expression of both disdain and distress. I was immediately embarrassed that I had asked the question. He said, “Look, we just have *faith* that if every employee and every team, every day, think and discuss how they can improve their work, it will result in better cars. I can’t imagine why anyone would ask that question!”

Since this incident, more than ten years ago, General Motors market-share has shrunk and Honda’s has grown. General Motors is laying-off workers while Honda is hiring. General Motors is a nightmare of brand confusion and customer doubt. Meanwhile Honda has the highest customer loyalty in the industry and everyone knows and can trust a Honda Accord or Civic. GM was insistent on cost justifying every action while Honda had faith that continuous improvement and engaging every employee in the production of high quality vehicles, would result in retaining and increasing their market-share.

The competitive advantage in both of these two cases was not some complex strategy, some technical breakthrough, or some clever marketing gimmicks. The competitive advantage was level one broad-slicing – the power of unifying cultural values. When you have the right values and you stick to them, like a train on tracks, it pays off in social, spiritual, and financial capital³.

³ In the second part of this book the different types of capital will be defined specifically, and *critical success indicators* for each will be proposed at the

Broad-slices may also be a strategic direction and intention. General Electric maintains a set of values around managerial competence and accountability (a level one broad-slice) that serve to create a unifying culture. Because they have diverse business units producing aircraft engines, appliances, power generation equipment, consumer electronics and other products, it is necessary for each unit to have their own business strategy. Of course, the business strategy for selling refrigerators to Best Buys, and the strategy for selling large-scale power generating equipment to governments and major utilities, will have little in common. How then do you develop any strategic connection, and broad-slicing strategy at the second level?

General Electric has recently been promoting what they call “Ecomagination” reflecting the convergence of the need for cleaner energy, water and the development of new energy efficient technologies. This branding strategy cuts across all divisions of GE and creates a common strategic direction and purpose. Stories are a powerful tool when trying to create unified effort and the stories of innovative breakthroughs in one division can serve as a stimulus to innovation in another. Within GE, there also exists a pride, which builds loyalty in the idea that “we, GE as a company, are dedicated to the pursuit of energy efficiency.”

Corporate strategy went through a period during which *portfolio management* was the preferred corporate strategy. This was the logical (or illogical) basis for conglomerates such as Textron and ITT under Harold Geneen. Geneen believed that there was no need for any link between business units owned by a corporation other than that of financial competition for the allocation of capital.

These corporations were, essentially, diversified mutual funds. This approach depleted shareholder value. The absence of broad-slices resulted in division and disintegration of these companies.

The added value of a conglomerate today, a multi-business unit corporation, resides precisely in the sharing of core competencies or capabilities – some core technology or market strategy that can add value across the business units. “Ecomagination” is a good example of this. If there is no Level Two broad-slice to create value across business units, then there is little reason for those units to exist within one company.

organization, team and individual level. However, by *social capital* the author intends to include both internal trust and resulting sociability and external market capital – trust in the market place. *Spiritual capital* includes dedication to a higher purpose and strength of moral values.

The merger of Time-Warner and AOL was built on the premise of creating some synergy across the combined business units. However, this was only a vague intention with no serious strategy and no appreciation for the cultural differences that inhibited the creation of genuine broad-slices. The idea of an integrating strategy is not enough. The integrating strategy must be executed effectively. If Level One cultural integration is lacking, in fact working against integration, the strategy is swimming against the current and is likely to fail. It has failed at Time-Warner. Shareholders paid the price for this lack of integrating strategy.

Shared strategy may include marketing, manufacturing or technology. The same is true for broad-slicing at Level Three – the level of process.

Most readers are no doubt familiar with *lean manufacturing*, the popularization of the Toyota Production System. This is now the proven and inescapable model for production processes. The essential element of this system is the elimination of walls between departments or companies. The focus is on the horizontal flow⁴ from the first step in production to the final purchase by the end-use customer. It is one seamless, interruption free process from beginning to end and one that tears down any barrier created by legal walls (companies), departments (different functions) or by personalities, which slows down the flow, add time and costs and reduce the ability to improve quality.

The father of this system is Taiichi Ohno, the production manager at Toyota whose passion was the elimination of waste – anything that did not directly add value to the product. This system has now been adopted in every industry. Dell computer is a good example of the workflow that eliminates walls and waste, and that unites the process into one rapid flow. Just as in the Toyota plant, the daily tally of Dell computers ordered by customers is a tally of parts, which flows-through directly to the suppliers who manufacture computer hard drive components or accessories. Some mysterious or complicated process does not determine the number of parts held in stock at the warehouse – the actual orders determine the inventory and the warehouse only maintains a minimal supply.

In order for this *just-in-time* system to work successfully, there must be immediate communication between those assembling a product and their suppliers. Any defect in parts or components found during assembly, must be reported to the supplier immediately, usually in less

⁴ See Chapter Nine for an in-depth discussion of process flow.

than an hour. There is no time for management to review defects and meditate on their actions. The action is reflexive and requires no deliberation, no management meetings or reports.

It is easy to see how lean production unifies those in a manufacturing process. The same is true in marketing and sales, office work, and any business process.

While complex organizations require differentiation in function, they equally require unifying horizontal processes. The competence to create effective horizontal workflow is one of the most essential competitive advantages in all modern organizations. This is Level Three *broad-slicing*.

Broad-slicing is the glue that holds companies and societies together in a unified whole. The failure to recognize or create broad-slices is one reason both companies and societies fall apart. Similarly, teams and individuals fall-apart in the absence of unifying ideas that focus their energy and effort.

We have the habit of magnifying differences and ignoring that which is common. Every public discussion seems to focus on how one group is different, better, more correct, than another. When the findings of the human genome project was announced, it was revealed that the genetic composition of individuals sampled from different races was approximately 99.99 percent the same across races. Yet, it is our learned habit to focus a great deal of attention on the differences while ignoring that, which is common. Almost every tragedy of human history is a result of an obsessive focus on differences whether political, racial, religious or cultural. Like a spreading virus, this infects our work life.

Perhaps, as we first emerged from the cave, we learned that we were more likely to be attacked by those who were different, than by those who were the same as us. And we have focused on differences ever since.

At every level of our society, we are torn between the habits of division and the bonds of unity. The downfall of every civilization and corporation is not the attack of the external barbarian, but the internal disintegration and subsequent loss of will. Internal competitors, blind to their own deeds, raise the dagger and strike their own heart, thinking they are attacking their opponent but failing to realize that they are in the boat together, rapidly circling in a descending whirlpool of debate.

It is my heartfelt belief that the greatest difficulty facing our corporations, families and society are the patterns of division and disintegration. To the degree of internal conflict, the distraction blinds

one to the external threats and nullifies the potential to respond. In my opinion, the number one leadership skill required in our organizations, is the ability to promote unity of purpose and energy.

The coach of every athletic team understands the essential advantage of united effort, the multiplication of energy as one member supports and encourages the other. *"Build for your team a feeling of oneness, of dependence on one another and of strength to be derived by unity."* Vince Lombardi urged, who knew something about winning. Babe Ruth said *"The way a team plays as a whole determines its success. You may have the greatest bunch of individual stars in the world, but if they don't play together, the club won't be worth a dime."* Anyone who has followed sports knows the truth of these statements as very often the teams with the largest salaries and most revered players are defeated by another with great "chemistry," the magic of a unified team. And almost all work done in business and other organizations today, is ultimately the product of unified effort.

As every general knows, every military strategy is founded on the principle of united effort, coordinated attack or defense, by which the whole seeks to divide the enemy and thereby cause their defeat. Victory goes to the united, defeat to the divided. "United we stand, divided we fall."⁵ There is no great general, from Alexander to the present who has failed to understand this obvious truth. Alexander the Great went to great lengths to bring about unity within his army of diverse Macedonians, Greeks and dozens of other tribes and ethnic groups. When he conquered Persia, he incorporated the best Persian generals into his senior group of military leaders, wore Persian dress and married a thousand Greek and Macedonian men to a thousand Persian women, in a grand gesture of unity between East and West. He understood that no army could impose unity on his diverse empire unless he could instill the idea, the vision and value, of a united world. Unfortunately, his idea was a few thousand years too early.

The Bible, as well as every other Holy book of every great religion, sought to promote unity even if its followers failed to understand or act accordingly, as they usually did. *"And Jesus knew their thoughts, and said unto them, Every kingdom divided against itself is*

⁵ "United we stand, divided we fall" is the motto of the great Commonwealth of Kentucky. And it says on the state Web site: "The motto is believed to be from 'The Liberty Song,' popular during the American Revolution, and a favorite of Isaac Shelby, Kentucky's first governor."

brought to desolation; and every city or house divided against itself shall not stand." (Mathew 12:25) And the Apostle Paul said: *"If ye bite and devour one another, take heed that ye be not consumed one of another"* (Gal.5:15). The primary mission of Mohammed was to unite the warring and fractious Arab tribes under the banner of One God. The subject of spiritual unity and the connection of all living things is a predominant theme of Buddhism and Hinduism as well. *"He who experiences the unity of life sees his own Self in all beings, and all beings in his own Self, and looks on everything with an impartial eye,"* Buddha is reported to have said. And more recently, the Founder of the Bahá'í Faith, Baha'u'llah, whose central mission was the unity of religion and humankind, said, *"So powerful is the light of unity that it can illuminate the whole earth."* And the Native Americans saw in God's creation a circle of unity and believed in an eternal oneness of man, the earth and all the beings of God's universe.

If this theme is so predominant in the belief systems of every faith, how is it that our behavior falls so short? Perhaps it is the excitement and entertainment value derived from division and the ego satisfaction of believing that "my side is right" and the others are wrong. Perhaps Dr. Seuss expressed it as well as any in his story of the Sneetches who played on the beaches:

"Now, the Star-Belly Sneetches

Had bellies with stars.

The Plain-Belly Sneetches

Had non upon thars.

"Those stars weren't so big. They really were small. You might think such a thing wouldn't matter at all. But, because they had stars, all the Star-Belly Sneetches Would brag, "We're the best kind of Sneetch on the beaches." With their snoots in the air, they would sniff and they'd snort "We'll have nothing to do with the Plain-Belly sort!"⁶.

But simple truths often demand the most tragic struggles for their realization. The history of both Christianity and Islam is the history of a united beginning and subsequent division, debate and internal conflict.

⁶ Dr. Seuss. *The Sneetches and Other Stories*. Random House, New York, 1961.

Every marriage begins with vows of unity and more than half (in the West, at least) end in division. And how many corporate marriages, strategies and plans begin with a vision of the advantages of united effort and efficiency and end in disappointment following battles, mostly within?

Every form of government has struggled with the issue of creating unity within. Plato and Socrates both recognized its central role in governance. But perhaps the process of unity was never taken to be as central as when a group of Founding Fathers chose to employ the declarative “United” in the title of their state. And perhaps no state has struggled as long to bring that intention into reality. This American democracy was founded as a revolution against the vertical division of class, ruler and ruled, and it was not intended that it be replaced by the horizontal divisions of party and political dogmas. In fact, it is clear that our founders feared and warned against this very thing.

Arnold Toynbee’s great work, *A Study of History*,⁷ plots the rise and fall of twenty-three civilizations. Toynbee asked what could be learned from this pattern of the emergence and subsequent decline of civilization. Civilizations (and companies) when growing, expanding their borders, are integrating different people, ideas and cultures. When they cease the process of integration, they start defending their borders, building walls to keep out the energetic barbarians, and begin the process of internal disintegration. Toynbee concluded that the decline of every civilization was not at the hands of an external enemy, but rather an act of suicide, the loss of will within and the disintegration of the culture.

Whether or not you accept Toynbee’s analysis of the rise and fall of civilizations, and you should read his work yourself and decide, (it is clearly one of the most brilliant works in the English language!) it is easy to see the parallels to the rise and fall of corporations and organizations.

Some years ago I wrote a book in which I chronicled the rise and fall of companies and drew the parallel to the patterns described by Toynbee.⁸ Without restating the premise in its entirety, it is worth a summation here. The following diagram illustrates the essential idea.

When companies or civilizations are emerging and conquering, they are integrating different cultures and becoming increasingly

⁷ Toynbee, Arnold. *A Study of History*. New York. Oxford University Press

⁸ Miller, Lawrence M. *Barbarians to Bureaucrats – Corporate Life Cycle Strategies*. New York, Clarkson Potter, Inc. 1989.

differentiated within. Human resources, accounting, marketing, sales, all emerge as separate organizations, creating increasing differentiation, while at the same time integrating increasing numbers of people, territory, products, etc.

Differentiation in process and organization is a different thing than disintegration. Disintegration occurs when the differentiated units no longer perceive common interest, share common values, and employ the same language. A time comes when the different factions, political, religious or job functions no longer have empathy with each other and can no longer understand each other. It is a short step to civil war and actual disintegration.

Every one of twenty-three prior civilizations have gone through the life cycle curve from the birth and articulation by a Prophet to the stifling control of the Bureaucrat and the useless Aristocrat.

The job of leaders is to create the mechanisms that promote and maintain integration of the culture, rather than their disintegration. This is exactly the intention of broad-slicing, the forces of values, strategy and process that can unify a differentiated organization or culture.

Creating Personal Unity of Energy and Effort:

Personal Action Agenda	I do	I don't	I will
1. I am confident that my work-life is consistent with and a fulfillment of my personal values.			
2. I seek to align my goals with the goals of my associates.			
3. I believe in the goals of my organization and I will feel personal satisfaction as they are achieved.			
4. I feel that the organization works as one, united force.			
5. I understand how I am helping to achieve the strategy of the organization.			
6. I understand how I contribute to the process flow through the organization to meet customer needs.			
7. I feel that I am able to contribute to the elimination of waste that delays the flow of the process.			
8. My energy is focused on beating external competition and is not wasted by internal competition.			
<p>Summary of what I will do to create unity within myself and with my team or organization:</p>			

Creating Team Unity:

Team Action Agenda	We do	We don't	We will
1. My team is unified in its goals.			
2. My team members behave toward each other in ways that create unity of effort.			
3. Team members can be counted on to help each other with a true team spirit.			
4. All team members understand the work process that is "owned" by this team.			
5. I trust the values of other team members.			
6. There is a common spirit on our team and we do not have cliques that divide us.			
7. We consult together frequently to achieve a common understanding of what we can do to improve our performance.			
8. Our team does not compete against other internal teams, but is focused on external competition.			
9. Teams share information with other teams and seek to help all teams meet the goals of the organization.			
<p>Summary of what we agree to do to improve the unity of energy and effort on our team:</p>			

Creating Unity of Energy and Effort in the Organization:

Organization Action Agenda	We do	We don't	We will
1. There are a clear set of values that serve to unify energy in the organization.			
2. The leaders of the organization often speak to these unifying values and reinforce their importance to all members of the organization.			
3. There is a unifying strategy that provides for shared resources and effort across organizational units.			
4. The strategy is one that all members of the organization, across divisions, feel connected to and feel that they contribute to.			
5. The strategy results in shared or common competencies that are employed across organizational boundaries.			
6. The unifying strategy results in processes that unite effort horizontally in the organization.			
7. Our organization creates competitive advantage by the excellence, speed and quality, of our processes that flow through the organization from suppliers to customers.			
<p>Summary of what we can do to improve unity of energy and effort through the organization:</p>			