

TEAL

The future organisational model?

Part 2

In [my first article](#) you have already read about the Teal Model. In this article, we will explore a little bit more in detail what “Teal” really means. You will learn more about our path to becoming a Teal Organisation and I will share some of our personal learnings from taking this path.

Evolution is a process which affects us everywhere, also in the corporate world. Some thinkers call this process “developmental theory”, which basically states that human societies (and individuals) grow in stages of increasing **maturity, consciousness and complexity**. There are several names for these stages, but the major one is the color scheme called “Spiral Dynamics”, which the philosopher and psychologist Ken Wilber used to identify them. Frédéric Laloux transferred it to the corporate world and identified the five stages of **corporate consciousness**:

Exhibit 1: Evolutionary Breakthroughs in Human Collaboration

Color	Description	Guiding Metaphor	Key Breakthroughs	Current Examples
RED	Constant exercise of power by chief to keep foot soldiers in line. Highly reactive, short-term focus. Thrives in chaotic environments.	Wolf pack	<ul style="list-style-type: none"> • Division of labor • Command authority 	<ul style="list-style-type: none"> • Organized crime • Street gangs • Tribal militias
AMBER	Highly formal roles within a hierarchical pyramid. Top-down command and control. Future is repetition of the past.	Army	<ul style="list-style-type: none"> • Formal roles (stable and scalable hierarchies) • Stable, replicable processes (long-term perspectives) 	<ul style="list-style-type: none"> • Catholic Church • Military • Most government organizations (public school systems, police departments)
ORANGE	Goal is to beat competition; achieve profit and growth. Management by objectives (command and control over what, freedom over how).	Machine	<ul style="list-style-type: none"> • Innovation • Accountability • Meritocracy 	<ul style="list-style-type: none"> • Multinational companies • Investment banks • Charter schools
GREEN	Focus on culture and empowerment to boost employee motivation. Stakeholders replace shareholders as primary purpose.	Family	<ul style="list-style-type: none"> • Empowerment • Egalitarian management • Stakeholder model 	Businesses known for idealistic practices (Ben & Jerry's, Southwest Airlines, Starbucks, Zappos)
TEAL	Self-management replaces hierarchical pyramid. Organizations are seen as living entities, oriented toward realizing their potential.	Living organism	<ul style="list-style-type: none"> • Self-management • Wholeness • Evolutionary purpose 	A few pioneering organizations (see “Examples of Teal Management”)

Source: Frederic Laloux, *Reinventing Organizations* (Nelson Parker, 2014)

All different stages have their own breakthroughs, which marked a new level of consciousness.

Up until the Teal-layer, all above mentioned layers (red, amber, orange and green) are described as competing with each other and not integrating the achievements of “lower” levels. The Teal-layer is also considered the first integral (and therefore integrating) layer.

Although this model describes evolution, these organisational paradigms coexist today in our business world and even within one company different paradigms are driving primary culture in different areas of the company. However, from my experience the number of individuals and leaders being on their individual journey to the Teal level is increasing – and therefore also the number of organisations and areas within organisations. One of their characteristics is that they control their ego and become more mindful. Instead of focusing only on success, controlling and trying to look good, they listen to their inner wisdom. They are growing into the next stage of consciousness and with them their organization, making the next steps towards the solution of tangible business problems such as slow decision making, frustrated employees and missing innovation, to just name a few.

What does it take to shift towards the Teal paradigm?

The first thing is to create the right conditions to develop a Teal organisation, which refers to **leadership and ownership**. The chief executive’s and the owners’ world view and personal development must match with the values of the Teal paradigm, otherwise it won’t be lasting.

Secondly, the base for a Teal organisation needs to be built, which consists of three pillars: **Self-Management, Wholeness and Evolutionary Purpose**. The first article already mentioned these aspects, but let me explain it in detail:

1. Self-Management

Do not get this wrong: not everyone is equal, and decisions are not subject to consensus. Decision rights and power go to any individual who has the expertise, interest or willingness to oversee a situation. There are hierarchies, but instead of having these hierarchies fixed they appear fluidly and naturally.

To make this work, individuals might need support with some of the following items:

- Decision making, i.e. not try to please others, not going for democracy or even consensus
- Conflict management, i.e. not just escalating conflicts to their boss
- Communication skills, i.e. how to run meetings and make good decisions as well as how to coach each other and provide perspective without agreeing with each other

A powerful internal network allows people to contact each other when they need specific information or advice.

What many individuals will feel is that this is not an easy space for everyone to operate in. It takes a lot of accountability to take a decision or to later on admit that it was not the right path. This level of accountability and the difficulty to handle it certainly is a challenge. This journey of development for everyone in the company (and the company itself) is not considered by many companies wanting to transform. Naturally, focus is put on processes and rules for the self-managing organisation, whilst very little attention is paid to the (for me) more important part: how to support the people in their transition.

We will talk about safe spaces and wholeness in a bit, but there is much more to do to prevent people from feeling overwhelmed or soon burned out. As a leader you will also need to accept that not everyone has the capacity or willingness to embark on this journey – which can be tough for the organisation, but you will want to support your people in the best way here and this might also mean that you have to support them in finding another purpose.

2. Wholeness

In Amber, Orange and Green organisations, people often wear a mask to hide their emotional or (what is considered) “feminine” side during work. Very little attention is paid to feelings – or can you remember a senior leadership or board meeting where somebody said: “I can’t explain it, it’s my gut feeling though” and you took the decision based on that without taking a look at any numbers? Or when was the last time you had mindfulness practice in one of your meetings, honoring that there might be emotions in the room? Did you ever experience that this mask-wearing and acting as if you were somebody else is really exhausting? I have!

In Teal Organisations, however, the human desire of wholeness is respected. People are invited to be themselves – fully, with all their feelings, what might be going on in their life’s (maybe stress causing things like relationship difficulties, or sick children etc.).

In some Teal Organisations, employees bring their kids and dogs with them or can take part in courses like meditation classes during work. The aim is not to turn the organisation into a playground for adults. Work and good performance is still the reason for coming together and is of course essential to keep the company profitable.

Wholeness means to change the conditions, to set up a frame where human needs and desires are respected instead of treating employees like machines.

My firm belief is that this does not only make people in organisations happier, but also more productive and efficient, which then again serve the profit of companies in a traditional sense.

3. Evolutionary Purpose

Vision or mission statements often intent to express the purpose of an organisation. For today’s dominant management paradigms (Orange) this means the need to define a winning strategy and to follow it strictly. In Teal paradigms, however, the organisation is considered as a living entity, having its own energy, sense of direction and desire to manifest something in the world. So what leaders need to do is sensing what is going on in the organisation. There is no strategy for how to predict and control. They sense and respond, which makes them more innovative.

Another important paradigm in the Evolutionary Purpose is that purpose always trumps profit. If my purpose is to cure patients, well then, I better take a decision that will support that and not (only) my profitability. You might now think that it is really naive to think this might work, but actually there are plenty of examples where this principle is lived and makes the company successful.

Do not get me wrong – I am not saying you should not be profitable as a company. My company, as well as any other company, needs and wants to earn money, but it is not our primary purpose.

Our primary purpose for example is to unleash the potential of individuals and companies to make this world a more sustainable one in a catalytic way (and to do science around how catalysis works!). Does this mean we work for free? Does this mean I do not check our bank account regularly? Does this mean I hire people without thinking of whether I am able to pay their salaries? Of course not! Every company needs to be profitable at the end. It is just turned around: I will follow our purpose, do the right thing and trust that this will be exactly what our customers need and are willing to pay for. Look at Patagonia for example, which is an outdoor company. They decided to go for more sustainably produced cotton, because they care a lot about nature and it is part of their purpose.

Many analysts said this was a crazy move, simply because they could not compete in price anymore. Now guess what, people who buy outdoor equipment also care about the nature and so liked that move a lot. Patagonia is now one of the leading companies and that segment and many more followed Patagonia's example of sustainably produced cotton. Win-win situation for profit and purpose, but the initial decision was taken by "purpose over profit".

I already shared some learnings from us in the explanation, but maybe let's have a look at what this really means on a day-to-day basis for our work and decision.

What does purpose over profit mean for me and for us as an organisation? When did it last impact our decision making?

This year in August we had a retreat to the Swiss Alps to see where we stand as a company. We used to analyse our current and the next bottle neck of all the factors that impact our company. On the list of factors there was of course financials, people/resource, clients & projects, but also purpose. What we figured out is that although our company was doing great, we did not do much to honor our purpose. We would not have assignments contradicting to the purpose, but also nothing really to support it. Then we asked ourselves what the next potential limiting factor could be if we solved the purpose problem, and clearly it was having the right people and let the company grow. This made it even more evident: find the right people we had to do something to support our purpose. Coming back to our purpose statement you might remember that we really care about supporting organisations in a catalytic way – but how does catalysis really work? There is only little science around this and our purpose is to explore this more, too. So, in Q4 this year we decided to spend a significant amount of money to research this a bit more. We are currently exploring a partnership with a micro-loan organisation, investing in 50-100 projects and seeing what the catalytic effect on these will be.

Could we have invested in more bonus for our people? Or in new office facilities to make them happier? Or should we have maybe invested in more marketing to show our customers what great things we do? Of course, we could have done so and it probably would have made sense. But at this stage we thought about our purpose and thought it might be more important. Next time we might decide differently. The learning we are having with purpose is: it should help to challenge your decisions and give you a holistic view on them (not just the profit-view).

In the next article I will explore more on what Wholeness really means for our company, how important creating a safe space (or rich space) is and mention some practical tips from our experience – and maybe get some of you agility, self-organisation evangelists to think a bit less about the (indeed interesting!) processes and more about what the people component in this might be.

Please feel free to comment on this article and share your thoughts – even if you think it is completely naive, crazy or whatever. I am looking forward to having a fruitful discussion.



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