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# PROLOGUE: A WHOLE NEW WORLD

*The future is disorder. A door like this has opened up only five or six times since we got up on our hind legs. It's the best possible time to be alive, when almost everything you thought you knew is wrong.*

—Valentine in Tom Stoppard's play *Arcadia*

This book reaches the public eye in the dawn of a new era in human history. Perhaps more so than any previous era that inspired historians to give it a name signifying its import, looking back hundreds of years—thousands of years, say some<sup>1</sup>—this new era may be unmatched in the scale of its effect on humankind. Numerous credible authors have testified in their writings that something this big is happening. Francis Fukuyama declared the end of a major cultural era in his famous and controversial essay “The End of History” (1989). A little later, *Science* magazine editor David Lindley foretold the demise of the Holy Grail of physics—the general unified theory—in *The End of Physics* (1993). The next year, British economist

David Simpson claimed that macroeconomics had outlived its usefulness in *The End of Macroeconomics* (1994). Then, science writer John Horgan ticked off legions of scientists with his provocative book *The End of Science* (1997). That same year, Nobel laureate chemist Ilya Prigogine told us in *The End of Uncertainty* (1997) of an imminent broad-reaching shift in scientific worldview that will make much of what stands as scientific truth today scientific myth tomorrow.

So many endings must mean so many new beginnings. Since around the start of the last decade, virtually no major field of human endeavor has been spared from predictions of its ending—perhaps not literally, but certainly in terms of past conceptualizations of its nature. The world of business is no exception. It is experiencing far-reaching changes in conceptualizations of its fundamental purposes and how companies should operate. Indeed, looking at the magnitude of change in the business world, it is not overreaching to suggest that an historic *social transformation of capitalism* is underway.

Barely a dozen or so years ago—just as the Internet was going mainstream—few could have credibly predicted the scale of this transformation. In this book, we provide some measure of that scale by profiling companies that have broadened their purpose beyond the creation of shareholder wealth to act as agents for the larger good. We view these companies not as outliers but as the vanguard of a new business mainstream.

We call this era of epochal change the *Age of Transcendence*. The dictionary defines *transcendence* as a “state of excelling or surpassing or going beyond usual limits.”<sup>2</sup> We are not the first to speak of a transcendent shift in the *zeitgeist* of contemporary society; for example, Columbia University humanities professor Andrew Delbanco says, “The most striking feature of contemporary culture is the unslaked craving for transcendence.”<sup>3</sup> This craving for transcendence could be playing a strong role in the erosion of the dominance of scientifically grounded certainty, which has marked the character of worldviews in Western societies since the dawn of modern science. In recent times, subjective perspectives based on how people *feel* have gained greater acceptance. More and more, it is acceptable to see life through a worldview shaped more by how individuals feel than by how or what the external world thinks.

Others have taken note of the rising subjectivity of worldviews. One is French philosopher Pierre Lévy, who has devoted his professional life to studying the cultural and cognitive impacts of digital technologies. He believes that the shift toward subjectivity may prove to be one of the most important considerations in business in this century.<sup>4</sup> Lévy also believes that Ayn Rand-style objectivism, which has been firmly embraced by Milton Friedman and his followers, will pass into history as feelings and intuition rise in stature in the common mind. Malcolm Gladwell's best-selling book on intuition, *Blink*, is a testament to that, as is James Surowiecki's *The Wisdom of Crowds*.

The dramatic upsurge in interest in spirituality in the United States that has helped spawn stadium-sized "megachurches" is another indication that something big is happening in the bedrock of culture. Numerous recent consumer surveys report that people are looking less to "things" and more to experiences to achieve satisfaction with their lives.<sup>5</sup> For many, the experiences they most covet transcend the world that is materialistically defined by science and, for that matter, most of traditional business enterprise.

People who lead companies are not insulated from the influences of culture on their leadership. After all, they drink from the same cultural waters as the consumers they survey. The executives we write about as exemplars in this book reflect in their managerial philosophies the changes in culture we have been talking about. They are champions of a new, humanistic vision of capitalism's role in society. It is a vision that transcends the narrower perspectives of most companies in the past, rising to embrace the common welfare in its concerns. Timberland CEO Jeffrey Swartz unabashedly says his company's primary mission is "Make the world a better place." But Swartz and the other executives we hold up as exemplars in this book are not starry-eyed do-gooders. They are resolute and successful business professionals who augment their human-centered company visions with sound management skills and an unswerving commitment to do good by all who are touched by their companies. We call their companies *firms of endearment* because they strive through their words and deeds to endear themselves to all their primary

stakeholder groups—customers, employees, partners, communities, and shareholders—by aligning the interests of all in such a way that no stakeholder group gains at the expense of other stakeholder groups. These executives are driven as much by what they feel is right (subjectively grounded morality) as by what others might more objectively claim to be right.

Ponder for a moment what the results of a 2002 Conference Board survey say about the moral outlook of executive suites across the country. Seven hundred executives were asked why their companies engaged in social or citizenship initiatives. Only 12 percent mentioned business strategy, 3 percent mentioned customer attraction and retention, and 1 percent cited public expectations. The remaining 84 percent said they were driven by motivations such as improving society, company traditions, or their personal values.<sup>6</sup> We do not think members of this 84 percent all sat down and calculated in rational fashion the direct payoff of carrying out their duties according to high moral standards. Most simply feel in their gut that this is what they should be doing. This is how movements and revolutions unfold: as much from the heart as from the mind. What we write about in this book is a strong movement if not altogether a revolution.

We stand precariously at what physicists call a bifurcation point—an interregnum between the poles of death and birth (or rebirth), when an old order faces its end and a new order struggles to emerge from its fetal state. At such times, the future becomes more uncertain than usual because events within the time and space boundaries of a bifurcation point have infinite possible outcomes. This is why Valentine declares, “The future is disorder,” but challenges us to join efforts to bring forth a new order with the yeasty lure, “It’s the best possible time to be alive when almost everything you thought you knew is wrong.”

Humankind is entering a realm where no one has gone before. Its landscape is as unfamiliar to us as the world that we have known until now would be to a time traveler from the eighteenth century. Let’s travel back in time to better appreciate the evolutionary nature of culture through brief reflections on the antecedent two cultural ages in U.S. history from which the Age of Transcendence is emerging.

## The Age of Empowerment

We call the first cultural era in America the *Age of Empowerment*. Its beginning was marked by two epochal events that took place in 1776: the signing of the Declaration of Independence and the publication of Adam Smith's *The Wealth of Nations*. The former event was about a free society, the latter about free markets. Joined at the hip, democracy and capitalism marched into the future to bring forth a whole new world.

For the first time in history, ordinary people were empowered by codified law to shape their own destinies. People born without social distinction could raise themselves from abject poverty to the highest public and private offices. A free market economy aided their efforts. Liberal education and laws that rewarded industry supported America's determination to become a great nation. Decade by decade, millions of families rose out of subsistence existence. The aristocratic culture of Europe may have generated great philosophic thinking in the Age of Enlightenment, but common folk in America generated great material accomplishment in the Age of Empowerment. By the end of the Age of Empowerment, around 1880, America was connected coast to coast by telegraph lines, railroads, a single currency and a national bank system that the Lincoln presidency established. Another great accomplishment of the Lincoln administration was the establishment of the land grant college program, which brought the benefits of higher education to the masses. The nation was primed for the next cultural era.

## The Age of Knowledge

The intellectual and economic liberation of the masses paved the way for the *Age of Knowledge*. Within a half-dozen years of 1880, Alexander Bell invented the telephone; and Thomas Edison invented the phonograph, the first practical incandescent light bulb, and the first central electrical power system. The latter is arguably his greatest invention. Try to imagine life without electricity flowing into your home and office along wires originating at generator stations.

During the Age of Knowledge, the United States transitioned from an agrarian to an industrial society. Science exploded into daily life. The time from laboratory prototype to the marketplace came to be often measured in months, not decades. Great science spawned great industries. And great industries created the modern consumer economy. Economic gains across society raised living standards to previously unimaginable heights. Childbirth and childhood death became rarities. Life expectancy in the United States shot up from 47 years at birth in 1900 to 76 years at birth by 1990 as the Age of Knowledge was ending.

Business management took a great leap forward in the early years of the twentieth century when Frederick Winslow Taylor introduced scientific discipline to the practice of management in *Scientific Management* (1911). Alfred P. Sloan invented the modern corporation after becoming president of General Motors in 1923. In 1921, John Watson, head of the Johns Hopkins psychology department and founder of the behaviorist school of psychology, joined the J. Walter Thompson advertising agency to establish the first consumer research center in the nation. Science now undergirded the full spectrum of business, from product design and organizational management to consumer research and marketing.

Ever since Ransome Olds established the first assembly line (no, it wasn't Henry Ford; he just mechanized Olds's assembly line), the operating focus of business has been on constant improvements in productivity—getting more and more from less and less. For a long time, this served society well. Quality of life steadily rose while the cost of living steadily fell. The material well-being of ordinary people reached astonishing levels. Materialism became the bedrock of business, society, and culture.

In time, however, preoccupation with productivity and cost cutting to improve bottom lines began to take a toll on communities, workers, workers' families, and the environment. Scores of communities fell into economic disrepair as companies abandoned them for venues promising lower operating costs. Legions of families endured abject suffering as their breadwinners struggled to find new jobs. Life was sucked out of villages, towns, and center cities across the nation. Sprawling slums filled with the carcasses of abandoned factories

became unwelcoming neighborhoods. Apologists justified business decisions that wreaked havoc on individuals and their families and neighborhoods by invoking the Darwinian “survival of the fittest” theme. The pro-business argument was simple: To reap the benefits of capitalism, society must tolerate the pain it sometimes causes people on the lower rungs of society.

But growing numbers are now wondering, “How much more pain do we have to live with?” Ordinary citizens increasingly view commerce as lacking a human heart. They feel that most companies see them as just numbers to be controlled, manipulated, and exploited. They know that to many companies they have little flesh-and-blood realness—that they have the same abstract quality as people on the ground have for pilots dropping bombs from 40,000 feet.

But the times they are a-changing, as Bob Dylan sang in the 1960s.

*New Republic* senior editor Gregg Easterbrook has observed, “A transition from material want to *meaning want* is in progress on an historically unprecedented scale—involving hundreds of millions of people—and may eventually be recognized as the principle cultural development of our age.”<sup>7</sup> (Italics added)

Welcome to the *Age of Transcendence*.

## The Age of Transcendence

The point of tracing America’s cultural evolution since its founding is to focus attention on the idea that free societies continuously progress through processes of cultural evolution, the equivalent of a person’s evolutionary progress in what psychologists call personality development. Societies, like people, are driven to strive to be more today than they were yesterday, and more tomorrow than they are today.

Although scientific discovery and technological development have been the primary catalysts in the evolution of culture, recent demographic changes have played quite a large role in reshaping culture. Aging populations are altering the course of humankind. But this is not the first time demography has reset the directions of humankind.

Recent findings by anthropologists indicate a sudden increase in longevity 30,000 years ago that changed human culture dramatically. The longevity gains created a population explosion among grandparents. For the first time in human history, relatively large numbers of postmenopausal women were available to support their daughters and granddaughters and to begin refining domestic life. More grandfathers were available to instruct young males in “the old ways,” thus strengthening generational continuity. Many anthropologists regard the “grandparent phenomenon” as a major turning point in the cultural evolution of humankind. Among other benefits, the sharp increase in the grandparent population led to a moderation of the aggressive behavior of youth. This reduced tribal warfare, freeing tribal attention and energy to move toward higher states of cultural development.<sup>8</sup>

Something similar could be happening today—that is, the rapid growth of an aging population is altering the *zeitgeist* of society, driving humankind toward higher states of cultural development. We can cite 1989 as the formal start of this new course because that was the year when, for the first time in history, the majority of adults in the United States were 40 or older. Like an echo of the moderating influences brought about by an explosion in the grandparent population 30,000 years ago, the aging of society today raises the prospect of a more “kinder and gentler society”—to use Peggy Noonan’s words in a campaign speech she wrote for George H. W. Bush in 1988.

But another development occurring around the time the new “mature adult” majority came into being has also played a major role in catalyzing quantum changes in the bedrock of culture. In 1991, British software engineer Tim Berners-Lee unveiled his creation, the World Wide Web. Almost overnight, the Internet went from being an arcane communications tool used mostly by an elite few to a mainstream artifact used by tens of millions, and soon by hundreds of millions.

The Internet shifted the balance of information power to the masses. It dramatically changed how people interact with each other, democratized information flow, and forced companies to operate with greater transparency.

The Internet has also magnified the influence of an aging population. Before 1989, older adolescents and young adults were the pitch pipe that tuned the sounds of culture. Now, members of the older population fill that role, and the Internet is helping them do it. For example, in the second half of life, people tend to be more resistant to attempts by others to persuade them to a course of action. In Abraham Maslow's words, they project "increased autonomy, and resistance to enculturation."<sup>9</sup> Internet search engines, e-mail, instant messaging, open forums, and blogs make it easier for people to assert their autonomy and effect greater "resistance to enculturation." They no longer have to depend on marketing agencies and salespeople to tell them about a product or the company behind it. This has radically altered the relationship between companies and customers in all age groups.

The Age of Transcendence bears similarities to what author Daniel Pink calls the "Conceptual Age" in his book *A Whole New Mind*. Pink defines the Conceptual Age as an "economy and a society built on the inventive, empathetic, big-picture capabilities of what's rising."<sup>10</sup> He describes the Conceptual Age as the successor to the Information Age. We define our term for the same era a bit differently. The Age of Transcendence is a cultural movement in which physical (materialistic) influences that dominated culture in the twentieth-century ebb while metaphysical (experiential) influences become stronger. This is helping to drive a shift in the foundations of culture from an objective base to a subjective base: People are increasingly relying on their own counsel to decide what the truth is.<sup>11</sup> This trait is typically present among people in midlife and older who are generally less subject to the "herd" behavior that is so prevalent among youth. That shift acknowledges a long-suppressed idea in a world largely guided by the Newtonian certainty that Ilya Prigogine says is scattering to the winds: *Ultimately, everything is personal.*

Pink writes enthusiastically about society moving from the more rational perspectives commonly associated with the left brain to the more emotional, intuitive perspectives usually associated with the right brain. He argues that companies in the United States need to move more toward right brain values to work an advantage over

companies abroad who want to build relationships with American consumers. As he sees it, this means that U.S. companies must connect with what he calls the six senses of the Conceptual Age in product design, marketing, and customer relations. These six senses are design, story, symphony, empathy, play, and meaning (see endnote for definitions<sup>12</sup>). They all have deep roots in the brain's right hemisphere.

However, the issue of change in the foundations of culture is not as simple as a matter of left brain versus right brain. We see the marketplace generally favoring companies that integrate both right and left brain perspectives to yield what Austrian neurologist Wolf Singer calls "unitive thinking;" a distinct third kind of thinking that Singer claims is the ultimate source of creativity.

In the wake of René Descartes's formulation of the scientific method, the Western mind came to be dominated by "either/or" constructs that are largely moderated in the analytical left brain. One might argue that Western society is overly dominated by the left brain—that in essence is what Pink argues. That side of the brain tends to rank things hierarchically in categories. It routinely excludes from serious consideration what does not fall into a purposeful category. This is about as far away from unitive thinking as one can get because both right brain and unitive thinking are inclusionary. These modes of thinking move along a "both ... and" cognitive path. To put this in a business context, in exclusionary left brain thinking, stakeholders are relegated to categories. Connections between stakeholders in differing categories are incidental and accidental. The picture is quite different among firms of endearment. Their leaders tend to think in unitive fashion, approaching their tasks with holistic vision in which no player in the game of commerce is *a priori* more important than any other player.

In the view promoted in this book, stakeholders are part of a complex network of interests that function in a matrix of interdependencies. We argue that each stakeholder tends to thrive best when all stakeholders thrive. No stakeholder group is more important than any other. To see matters otherwise is like saying the heart is more important than the lungs. Life depends on both being healthy. It is disciplined dedication to the well-being of all stakeholders that separates firms of endearment from their competition.

Welcome, again, to the Age of Transcendence. Settle down, get comfortable, and read on. There are many new rules to learn, because *almost everything you thought you knew could be wrong*. We are going to be in this age for a quite while—probably for the rest of your life and longer.

## Endnotes

- <sup>1</sup> *Washington Post* reporter Joel Garreau asserts in his book *Radical Evolution: The Promise and Peril of Enhancing Our Minds, Our Bodies—and What it Means to Be Human*, Doubleday, 2004, pg. 3: “(The) gulf between what engineers are actually creating today and what ordinary readers might find believable is significant. It is the first challenge to making sense of this world unfolding before us, in which we face the biggest change in tens of thousands of years in what it means to be human.”
- <sup>2</sup> See [www.wordreference.com](http://www.wordreference.com).
- <sup>3</sup> Andrew Delbanco, *The Real American Dream: A Mediation on Hope*, Harvard University Press, 1999, pg. 113.
- <sup>4</sup> Pierre Lévy, *Collective Intelligence*, Perseus Book Group, 2000, p. 4.
- <sup>5</sup> Marita Wesely-Clough, trends expert at Hallmark Cards, Inc. says, “Watch for people of all ages to scale down and simplify, to insure they have time to invest in what matters—friends, family, giving back, their legacy. Boomers approaching retirement will lead this trend.” ([http://retailindustry.about.com/od/retail\\_trends/a/bl\\_trends2005.htm](http://retailindustry.about.com/od/retail_trends/a/bl_trends2005.htm)). This is a common refrain among consumer trend watchers including the Yankelovich Monitor, which issued a report in 2002 in which consumers were striving to simplify their lives by relying less on “stuff” to make them happy (David B. Wolfe with Robert Snyder, *Ageless Marketing: Strategies for Reaching the Hearts and Minds of the New Customer Majority*, Dearborn Trade publishing, 2004, pg. 20).
- <sup>6</sup> Sophia A. Muirhead, Charles J. Bennett, Ronald E. Berenbeim, Amy Kao, and David Vidal, *Corporate Citizenship in the New Century: Accountability, Transparency and Global Stakeholder Engagement*, R-1314-02-RR, New York: Conference Board, 2002.
- <sup>7</sup> Gregg Easterbrook, *The Progress Paradox: How Life Gets Better While People Feel Worse*, Random House, 2003, pg. 317.
- <sup>8</sup> Lee Bowman, “The dawn of grandparents proved positive for humans,” *Seattle Post-Intelligencer*, July 6, 2004 ([http://seattlepi.nwsource.com/national/180825\\_wisdom06.html](http://seattlepi.nwsource.com/national/180825_wisdom06.html)).
- <sup>9</sup> Abraham H. Maslow, *Toward a Psychology of Being*, Van Nostrand Reinhold Company, New York, Second Edition, 1968, pg. 26.
- <sup>10</sup> Daniel H. Pink, *A Whole New Mind: Moving from the Information Age to the Conceptual Age*, Riverhead Books division of Penguin, New York, 2005.

- <sup>11</sup> Pierre Lévy's book *Collective Intelligence: Mankind's Emerging World in Cyberspace* (Perseus Books, 2000) predicts that engaging the subjectivity of customer and workers alike will grow in importance in the twenty-first century. He says, in fact, "Because it conditions all other activities, the continuous production of subjectivity will most likely be considered the major economic activity throughout" (the 21st century). The issue of the increased influence of subjectivity in shaping people's worldviews and their beliefs is deeply embedded in John Horgan's controversial bestseller *The End of Science*. Horgan implicitly addresses the cultural shift toward greater subjectivity when he introduces the term *ironic science* to stand for the idea that more and more, scientific truth manifests itself in multiple and even contradictory ways. Again, taking into account the influence that older adults are now having on culture by virtue of their majority status, we are reminded of Maslow's characterization of highly matured people's behavior being riddled with "polarities and oppositions." Instead of one, single, absolute rendition of truth, what constitutes truth depends on the context in which a matter is mentally positioned. That is a highly subjective process. Finally, the rising respect that subjective interpretations of reality are getting is evident in the number of books being written that deal with intuition, especially in contrast with reason as the route to determining truth. Malcolm Gladwell's runaway best-seller *Blink* is one such book.
- <sup>12</sup> **Design:** paying attention to aesthetics when carrying out any task. **Story:** conveyance of information to consumers, employees, and others through storytelling techniques. **Symphony:** the ability to put together pieces to create a holistic picture; synthesis is a good synonym. **Empathy:** identifying with and understanding another person's circumstances, feelings, and motives. **Play:** putting fun into every activity to enhance both pleasure and creativity. **Meaning:** extending the value of an activity beyond the moment and self.