

RAJ SISODIA EXCLUSIVE INTERVIEW

With Regius Magazine

By **Raj Sisodia** | **Conscious Enterprise Center Tecnológico de Monterrey** & **Pedro David Martínez** | **Regius Magazine**

It is my privilege to have an exclusive interview with Raj Sisodia, Co-founder and Chairman Emeritus of Conscious Capitalism, Inc. and Chairman of the Conscious Enterprise Center at Tecnológico de Monterrey. On behalf of Regius Magazine, I would like to express my gratitude to Raj Sisodia for taking the time in responding our questions and Francisco Fernández, Director of the Conscious Enterprise Center at Tecnológico de Monterrey for his support in making this interview possible.

This is the first part of a two-round interview process.



How do you define conscious leadership? In particular, what kind of qualities or attributes should a conscious leader have? What are the main differences between a conscious business leader and a "traditional faith-based" business leader? Are conscious leaders made or born?

Conscious leadership is one of the four pillars or "tenets" of Conscious Capitalism, a comprehensive alternative philosophy of doing business that seeks to address all of the drawbacks of the "selfish, instrumental and narrow" approach that has long been the norm. It seeks to amplify all the myriad benefits of free market capitalism while greatly reducing or even eliminating and often reversing many of its negative consequences.

Too many businesses generate financial wealth at the expense of social, cultural, environmental, intellectual, physical, and spiritual wellbeing. They extract rather than create value. Conscious Capitalism is about doing business with a spectrum of positive effects, not having one positive "main" effect and many negative "side" effects.

Conscious Capitalism has four tenets or pillars of belief:

1. Higher Purpose:

Every business should have a higher purpose that transcends making money. It is the difference the company is trying to make in the world. By focusing on its higher purpose, a business inspires, engages and energizes all its stakeholders.

2. Stakeholder Orientation:

Recognizing the interdependent nature of life and the human foundations of business, a business needs to create value with and for all of its various stakeholders (customers, employees, vendors, investors, communities, etc.).

3. Conscious Leadership:

Conscious leaders understand and embrace the higher purpose of the business and focus on creating value for and harmonizing the interests of all the stakeholders of the business. They are missionary rather than mercenary or military-style leaders.

4. Caring Culture:

Conscious business create cultures rooted in qualities such as trust, authenticity, caring, transparency, integrity, learning and empowerment. Most conventional business cultures are rife with fear and stress.

Conscious businesses spend money where it makes a positive difference, paying their employees and suppliers well and investing in customer care. They don't waste money on unnecessary advertising, gimmicky promotions, and the revolving door of high employee and supplier turnover. They empower people and engage their best contribution in service of a higher sense of purpose. They make a net positive impact on the world.

DIMENSION	TRADITIONAL CAPITALISM	CONSCIOUS CAPITALISM
Mindset	Zero-Sum (Win-Lose)	Positive-Sum (Win-Win)
Metaphore	Business as a machine with inputs and outputs.	Business as a living organism consisting of interconnected, interdependent parts.
What	The business exists to maximize profits.	The business exists for a higher purpose, separate from profit.
Why	Focus on creating products customers want; maximize sales and minimize costs. Use and squeeze employees, suppliers and customers to achieve financial goals.	Consciously seek to serve each of the stakeholders; the well-being of each is an end in itself. Recognize how stakeholders interests can go together when there is a shared purpose.
Who	Autocratic, command-and-control leaders primarily motivated by power and personal enrichment.	Selfless leaders who care about people and purpose ahead of power and wealth. Mentor, motivate, develop and inspire people.
How	Performance-first cultures with high levels of fear and stress; “carrots and sticks” to get people to consistently deliver the numbers.	People-first cultures characterized by trust, accountability, transparency and genuinely caring for people as precious human beings.

Central to the practice of Conscious Capitalism is conscious leadership. Conscious leaders recognize that leadership is the stewardship of the lives entrusted to us. They know that the way we lead impacts the way people live.

The essential elements of what it means to be a conscious leader can be captured in a single word, which also serves as an acronym: SELFLESS. True leaders transcend the self. A leader who operates with a primary emphasis on his or her self-interest naturally views other people as a means to that end. You cannot be a true leader if you operate at that level of consciousness. As Dee Hock of Visa said, a leader who puts his or her personal agenda first and uses other people to further it is not a leader, but a tyrant.

SELFLESS also refers to the qualities of great leaders: Strength, Enthusiasm, Love, Flexibility, Long-term orientation, Emotional Intelligence, Systems Intelligence and Spiritual Intelligence. SELFLESS reflects a harmonious blend of mature masculine and feminine qualities. Too many leaders today reflect immature hyper-masculine qualities such as domination, aggression, hypercompetitiveness, winning at all costs, etc. They view every leadership challenge through the lens of war – mindset that is at best win-lose, and often lose-lose.

S	STRENGTH
E	ENERGY & ENTHUSIASM
L	LONG TERM ORIENTATION
F	FLEXIBILITY
L	LOVE & CARE
E	EMOTIONAL INTELLIGENCE
S	SYSTEM INTELLIGENCE
S	SPIRITUAL INTELLIGENCE

Strength: Conscious leaders are strong, resolute and resilient. They are rooted in personal power instead of positional power. They have strong moral fiber, self-confidence, and the courage of their convictions. They are confident without being arrogant. They have strong boundaries and are willing to engage in necessary conflict to further the noble goals of the organization. They exercise power with, not power over the people they.

Energy & Enthusiasm: Conscious leaders are connected to an infinite source of power because of their commitment to a higher purpose and a righteous path. This gives them great energy and enthusiasm. This doesn't mean that all leaders must be gregarious extroverts. As many studies have found, introverts can make exceptional leaders.

Love and Care: Conscious leaders always operate from love and care. Truly great leaders are those who take the world to a better place. Throughout human history, great leaders who transformed society for the better (such as Lincoln, Gandhi, Mandela and King) all possessed tremendous

strength along with a powerful capacity for caring. The combination of strength and love is crucial; strength without love is tyranny, and love without strength is ineffective. As Martin Luther King Jr. said, "We must be tough minded and tender hearted." When you come from a place of genuine caring and possess great strength, you become a peaceful warrior, battling steep odds for a just and righteous cause.

The opposite of love is fear. An organization suffused with fear is inherently incapable of genuine creativity and innovation. Its people are condemned to lives of intense stress, unhappiness, ill health, and dysfunctional families. Conscious leaders seek to drive fear out of their organizations. As Simon Sinek says, they create a "circle of safety" within which everyone in the organizational family can thrive.

Flexibility: Flexibility is "the capacity to switch modes seamlessly and to bend without breaking, as the situation or the context requires." Conscious leaders are like golfers with a full set of clubs; they know how to select and implement the right approach for each situation. They adapt to circumstances in a principled way, without sacrificing their core values. Most importantly, conscious leaders know how to flex between masculine and feminine energy as the situation or context requires.

Long-Term Orientation: Conscious leaders operate on a time horizon that goes beyond their own lifetimes, let alone their tenure as leaders. There was a long-standing tradition

in certain native American cultures that the chiefs had to think about the consequences of every decision on multiple future generations. For example, Iroquois chiefs were expected to think seven generations ahead.

Emotional Intelligence: For leaders, high analytical intelligence is a given; by the time you get to be anywhere near the leader's role you have had to demonstrate that you are smart. In the past, most companies only valued that. Today, we're recognizing that other forms of intelligence are vitally important, in particular emotional intelligence, spiritual intelligence and systems intelligence. The great news is that while our analytical intelligence (or IQ) is fixed at birth and can only decline, these other kinds of intelligence can all be cultivated and enhanced.

Emotional intelligence (EQ) combines self-awareness (understanding oneself) and empathy (the ability to feel and understand what others are feeling). High EQ is increasingly being recognized as important in all organizations because of the growing complexity of society and the multiplicity of stakeholders that must be understood and communicated with effectively.¹ Unfortunately, the current reality is that the higher you go in the organization, the lower the level of EQ.

Elevating our EQ enables us to harness our ego and channel it. As the Dalai Lama has said, we cannot and need not eradicate our ego; rather, we must make sure it is a serving ego rather than a deserving ego.

¹ Daniel Goleman, *Emotional Intelligence: Why It Can Matter More Than IQ* (New York: Bantam, 1995).

Systems Intelligence: As our organizations become more complex and the world becomes increasingly interdependent, systems intelligence (SYQ) is becoming increasingly critical.

Systems thinking is “a holistic approach to analysis that focuses on the way that a system's constituent parts interrelate and how systems work over time and within the context of larger systems. The systems thinking approach contrasts with traditional analysis, which studies systems by breaking them down into their separate elements.”²

As systems thinkers, conscious leaders can see the bigger picture and understand how the different components of the system interconnect and behave over time. They can anticipate the immediate as well as long-term consequences of actions. Conscious leaders are excellent organizational architects. They understand the roots of problems and how the problems relate to organizational design and culture, and they devise fundamental solutions instead of seeking symptomatic quick fixes.

Spiritual Intelligence: According to Danah Zohar and Ian Marshall, “Spiritual intelligence (SQ) is the intelligence with which we access our deepest meanings, values, purposes, and higher motivations. It is our moral intelligence, giving us an innate ability to distinguish right from wrong. It is the intelligence with which we exercise goodness, truth, beauty, and compassion in our lives.”³ SQ helps us to discover our higher purpose in our

work and our lives. Leaders with high SQ understand the centrality of purpose in their own lives, in the lives of the people they lead, and for the organization.

Conscious leadership has many similarities to faith-based leadership but it's not the same thing. Like faith-based leadership, conscious leadership is rooted in service and selflessness. For many conscious leaders, the value system from which they operate is internally sourced. While they may not be grounded in any religious tradition, they still make reference to transcendent values and understand that life is not primarily about the pursuit of material prosperity.

I strongly believe that everyone can become a conscious leader; some attain greater heights than others because they have deeper levels of self-awareness, have cultivated a clearer sense of purpose and have healed the traumas within themselves so they always operate from a creative rather than a reactive space.

² <http://searchcio.techtarget.com/definition/systems-thinking>

³ Danah Zohar and Ian Marshall, *Spiritual Capital: Wealth We Can Live By* (San Francisco: Berrett-Koehler, 2004), 3.

Why do you believe today's business world - and the world at large - urgently needs conscious leaders?

I strongly believe that better leaders make for a better world. In fact, we cannot create a better future for human beings and for all life on this planet without good leadership. The need for truly conscious leadership is more urgent and greater than ever. As Peter Drucker said, "only three things happen naturally in organisations: friction, confusion and underperformance. Everything else takes leadership." With the epidemic of friction, confusion and underperformance that we are seeing worldwide, it is imperative that we cultivate more conscious leadership. For this, we need to redefine what it means to be a leader. Leadership cannot be about power, ego and money. It must be rooted in love and service.

How can a "non-conscious leader" or "non-conscious organization" become a conscious leader or conscious organization? Can you share example(s) of well-known individual(s) or organization(s) that were capable of transforming?

All transformation begins with the awakening of a leader. A great example of this is Bob Chapman, CEO of Barry-Wehmiller, an industrial manufacturing company headquartered in St. Louis. I wrote the book *Everybody Matters with Bob*. It describes his leadership journey and the impact that his leadership has had on the company and on all the lives that it touches.

After completing his MBA at the University of Michigan, Bob was offered a job by his father,

Bill, who had acquired a controlling interest in Barry-Wehmiller, an 85-year-old company that made equipment for the brewing industry. The company was struggling and father and son collaborated to help save it. In 1975, when Bob was not yet 30, his father died suddenly of a heart attack. Bob was now responsible for a money-losing company that did not appear to have much of a future. Fearing that the inexperienced young CEO would not be able to run the business, the banks called his loans.

Bob rose from those precarious beginnings to lead a company with over \$3 billion in revenues, whose share price had grown at a compounded rate of 17% percent for 20 twenty years. He has acquired over 130 companies and never sold any. Bob Chapman does not so much acquire companies as adopt them. Most were struggling or dying manufacturing businesses, initially concentrated in the industrial heartland of the US, in small towns in Wisconsin, Ohio, and Pennsylvania. Many of those towns were completely reliant on those businesses and were facing disaster.

Bob bought these businesses and revitalized them. He evolved his approach through a series of epiphanies that awakened his conscience and opened his heart. The first one happened at church one Sunday in St. Louis. Inspired and uplifted by the preacher's sermon, Bob suddenly had the thought that people were only in church for about an hour a week, while he had people at the company for 40 hours a week. As he saw it, his ability to impact their lives was potentially 40 times greater than that of the church. In that moment, Bob realized that business needs to take the lead in healing what is broken in our society.



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-Peter Drucker | NYU Stern School of Business

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-Raj Sisodia | Tecnológico de Monterrey

Bob also saw that many workers were playful and lively before they started work but became depressed and grim as soon as they punched in. His second epiphany was that work should be fun. He began creating all kinds of enjoyable and playful activities that transformed the cultures of his companies.

The third epiphany happened at a wedding of a friend's daughter. Bob sensed the profound love his friend felt for his precious child. Then it struck him: "Every one of the 7000 people who work for us is somebody's precious child! Why are they not deserving of the same level of care and concern that I would have for my friend's daughter or that he would have for my son?" From that day on, the wedding story became an essential part of the lore at the company along with the mantra "Everybody is somebody's precious child."

Bob believes that he has been touched by grace, and he feels a deep sense of duty to share the wisdom he's received. "I didn't learn this at business school and I didn't get this from a business book. I can only say that these revelations were inspired by some higher power, because there is no way I thought of those things. I have an overwhelming feeling that I was blessed with a message that could profoundly change the world. When you feel that calling, you cannot say no to it. On my deathbed, I will not be proud of the machines we built or the money we made. I will be proud of the lives we touched. And I want to touch as many lives as I can while I'm here."



How is conscious leadership correlated or not correlated to create profitable organizations, stakeholder value and wealth creation? Please feel free to provide empirical evidence where having a more conscious organization means better performance.

The financial dimension of corporate performance depends on a company's ability to grow its revenue and improve its efficiency. Conscious businesses are superior on both dimensions, because they are better aligned with the true needs of customers and are focused on investing money where it makes a difference (such as on rank-and-file employees and high-quality suppliers) and saving money in non-value adding areas (such as excessive marketing costs and high levels of employee turnover).

A growing body of evidence shows that businesses that conform to this new paradigm are far more profitable over the long run than traditional businesses.⁴ My research in *Firms of Endearment* revealed that a startling depth of humanity can exist within for-profit, publicly traded companies. We selected 28 companies out of several hundred that fit our criteria: they had a clear, noble sense of purpose; they actively sought to create multiple kinds of value for all of their stakeholders; they had leaders who

were motivated by service to people and purpose rather than by power and money; and they had cultures characterized by trust, caring, and joy. These four principles would become the tenets of what we would later call "Conscious Capitalism."

Before doing the financial analysis, we wrote down our hypotheses. We expected that these companies did well for investors, but not exceptionally so. We were prepared to argue that it was okay if their profits were lower than those of their peers because these companies paid their frontline people better, provided generous benefits such as health care, invested in the customer experience, paid their suppliers well, supported their communities, took care of the environment, and paid taxes at a higher rate. They created a lot of value that does not show up on income statements or balance sheets. We would base our argument on the "total value created," which accounted for all the nonfinancial value these companies were generating.

It stunned us when our analysis revealed that these companies had collectively outperformed the market 9-to-1 over a 10-year period. In 2014, we published a second edition of *Firms of Endearment* based on a larger set of companies and a more data driven approach. The financial outperformance of these companies was also very impressive, as the table below indicates.

Cumulative Performance	20 Years	15 Years	10 Years	5 Years
US Conscious Companies	2077%	901%	231%	109%
Non-US Conscious Companies	1509%	961%	93%	49%
Good to Great Companies	522%	234%	54%	106%
S&P 500	269%	301%	96%	86%

⁴ For example, see Sisodia, R., Sheth, J., & Wolfe, D. (2014). *Firms of Endearment: How World-Class Companies Profit from Passion and Purpose* (2nd ed.). Pearson FT Press. and Edmans, A. (2020). *Grow the Pie: How Great Companies Deliver Both Purpose and Profit*. Cambridge University Press.

How was this possible? My business education had taught me that there is no free lunch, and that business is a “zero sum” game with unavoidable trade-offs. If these companies spent more on other stakeholders, surely their investors would suffer. But the numbers were undeniable.

We came to the affirming, healing realization that companies built on love and care are stronger, more resilient, and more successful in the long run. I had been taught that business is about the cold-blooded pursuit of profits, that “only the paranoid survive,” that it’s a “dog-eat-dog” world, that emotions have no place in the numbers-driven world of business. But here we had powerful evidence to the contrary.

Profits are important. Indeed, profit is a social good; it is socially irresponsible for a business not to be profitable in free market societies. In a free society, governments do not create wealth; they can only tax-and-spend the wealth generated by a profitable business. Without profits, we don’t have taxes, and without taxes, there is no infrastructure, no public education or any of the other essential elements of a functioning society.

Profits are not just beneficial for shareholders. They also allow companies to invest in better goods and services for people, and more innovation to the market, create more jobs, contribute to the competitiveness of economies and thus to the well-being of society.

Profits matter, but it matters even more how a business generates profits. They can do so by squeezing people and the planet, or they can simultaneously have a positive impact on both.

Businesses can create or destroy at least eight kinds of wealth: financial wealth, intellectual capital, social capital, emotional well-being,

spiritual well-being, cultural well-being, physical well-being and ecological well-being. A conscious business seeks to create all these kinds of wealth for all their stakeholders for as long as they are in business. Conventional businesses seek to maximize financial wealth and treat everything else that happens as an unavoidable (and usually negative) side effect.

What are some of the most common challenges conscious leaders face in their quest to deliver results in an organization?

Adopting a conscious approach to business requires a sustained effort over time. The investments must come before the returns are generated. Unfortunately, we live in a world where financial stakeholders are generally very impatient, as are many boards of directors of publicly traded companies. Conscious leaders must continually educate their boards and financial stakeholders about the underlying logic and rationale for doing business in this way.

Leaders also need to remember that a conscious business is still a business; it needs to have a strong value proposition, efficient processes, high levels of accountability and all the other essentials of running a business. A conscious business operates with “full spectrum consciousness”: it pays attention to the basic levels of operations while also reflecting higher levels of consciousness, with the highest being service to humanity.

Leaders must take care to design a sound business model and ensure that all systems and processes are aligned with this way of being. That includes hiring, people development, managerial processes, operations, supply chain management and other key aspects of the business.



Raj Sisodia

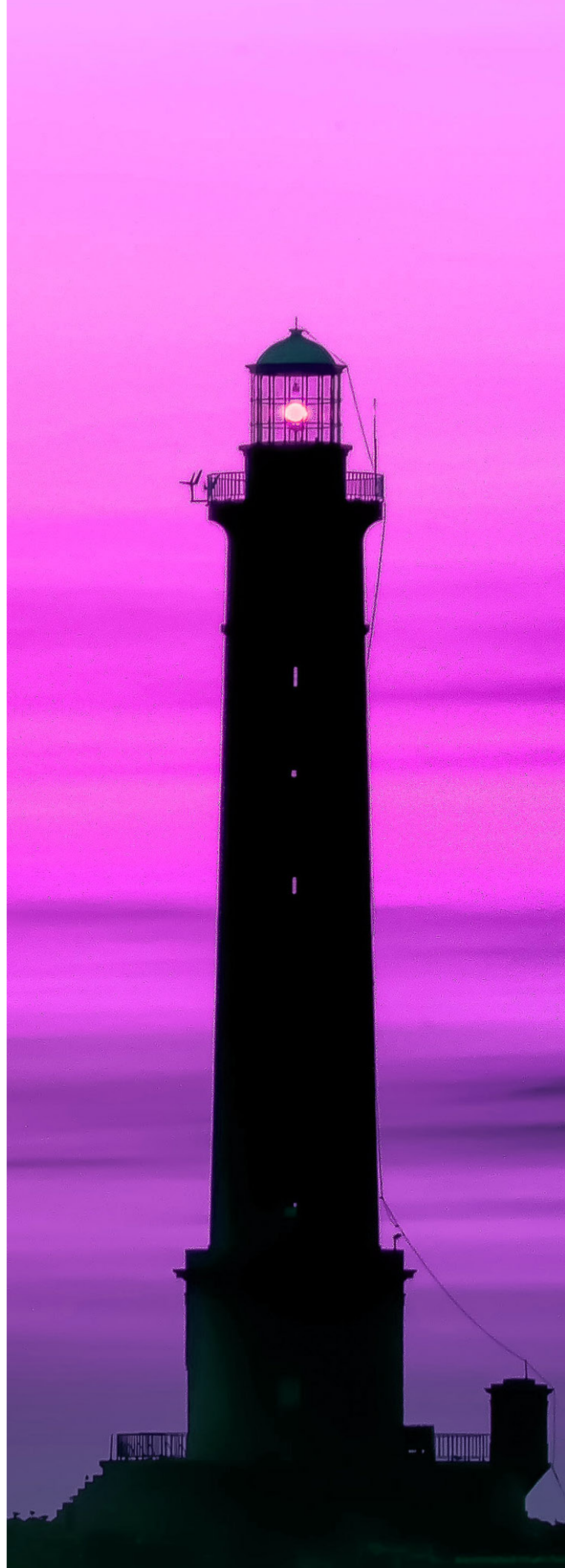
Distinguished University Professor of Conscious Enterprise and Chairman, Conscious Enterprise Center at Tecnológico de Monterrey. A founding member of the Conscious Capitalism movement, Raj Sisodia is Distinguished University Professor of Conscious Enterprise and Chairman of the Conscious Enterprise Center at Tecnológico de Monterrey. He is also FW Olin Distinguished Professor of Global Business (on leave) at Babson College. He is the Co-Founder and Chairman Emeritus of Conscious Capitalism Inc.



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Mr. Martínez holds an M.B.A. in Finance from New York University Stern School of Business, an I.T.P. from Harvard University, a Private Equity & Venture Capital diploma from Harvard Business School and a B.A. in business from Universidad de Monterrey (UEM).



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EXCLUSIVE INTERVIEW

*with Regius Magazine
The second part of a two-round interview process.*

By **PEDRO D. MARTÍNEZ**
& **RAJ SISODIA**





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This is the second part of a two-round interview process.

PEDRO DAVID MARTINEZ: What are the key factors to create a durable and last-ing organization that nurtures a conscious culture with a high-performance team?

RAJ SISODIA: To create such an organization, the leader must set the tone at the top. That means co-creating an inspiring vision and continually holding the leadership team accountable for the realization of that vision. It means being a living, breathing embodiment of the values that define the culture. It means creating a compelling purpose and renewing that as necessary. It requires coaching leaders and

demonstrating genuine care in the organization.

Microsoft is a good example of this, both in terms of what not to do and what to do. The company has had three CEOs in its 35-year history as a public company. The first was founder Bill Gates, who was CEO from 1986 to 2000. Gates had a clear vision and a strong sense of purpose: a computer on every desk, powered by *Microsoft* software. He was a shrewd strategic thinker and relentlessly driven. He was brilliant and arrogant, which set the template for the *Microsoft* culture; most people working there aspired to be just like him. Over the 14 years, *Microsoft's* market value climbed to \$250 billion, making it the second most valuable company in the world after *General Electric*.

Gates was succeeded by Steve Ballmer, who served a CEO from 2000 until 2014. By this time, something rare had occurred: the company had essentially realized its purpose. Computers were now commonplace, and most of them were indeed powered by *Microsoft* software. Lacking a compelling purpose, Ballmer defaulted to a financial purpose: to continue to grow *Microsoft* revenues and profits. He created a siloed business structure and relentlessly drove each business unit to maximize its financial results. A larger than life, belligerent individual, Ballmer's personality stamped itself on the company. *Microsoft's* strategy failed to keep pace as technology rapidly evolved. *Microsoft* was largely a non-player in the emerging mobile and cloud computing world. By the time Ballmer left, the company's market value had risen from \$250 billion to \$302 billion over 14 years, badly lagging behind the market as a whole.

When Satya Nadella was appointed in 2014, he saw that *Microsoft* was a "threatened kingdom." Employees were tired and frustrated. The compa-



Of interest

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ny was sick, losing its soul. It was characterized by envy and resentment rather than creativity. Nadella asked himself: “Why does *Microsoft* exist? Why do I exist in this role?” It certainly was not to oversee the decline and eventual demise of a once dominant company. A deeply human, caring leader, Nadella immediately started the process of transforming *Microsoft*’s culture. At his first offsite meeting with his leadership team, he shared his own challenges, including his special needs children and other aspects of his childhood and life. This way of being was entirely new to the hyper-masculine, analytical left-brained culture *Microsoft* was known for. As Nadella put it, “My passion is to put empathy at the center of everything we pursue. My primary job is to curate our culture so that 100,000 inspired minds can better shape our future. My approach is to lead with a sense of purpose and pride in what we do, not envy or combativeness.” Nadella’s leadership philosophy could be summarized in three words: Model, Coach, and Care.

In addition to creating a culture that was rooted in empathy and a growth mindset, Nadella made several bold strategic moves. He invested heavily in cloud computing, mobile and gaming. *Microsoft* became a leader in artificial intelligence as well as in most ESG categories. Nadella articulated a new purpose for *Microsoft*: “To empower every person and every organization on the planet to achieve more?”

The results have been nothing short of as-

“There is no such thing as short-term investing; true investing is for the long-term. Anything else is just speculation... Conscious investors should look for companies that rate highly on all the pillars of conscious capitalism”

\$300BN

Of dollars
Has increased *Microsoft* market value during Nadella’s tenure.



Below
A rendering of *Microsoft*’s Redmond campus modernization project. (Photo ©*Microsoft*) microsoft.com



tounding. *Microsoft* market value has increased from \$300 billion to nearly \$2.5 trillion, an increase of over \$300 billion a year during Nadella’s tenure. No company in the history of business has achieved this level of financial success. But it has not come at the expense of other dimensions. *Microsoft* is widely admired for its culture, its commitment to environmental sustainability, as a pioneer when it comes to the future of work, in diversity and inclusion and many other dimensions.

PDM: Do you think Environmental, Social and Governance (ESG) initiatives cover a significant part of being a conscious Institutional Investor, Family Office or Company?

RS: The rapidly advancing ESG movement does address many aspects of what it means to be a conscious business. It is a necessary but not sufficient condition for being a conscious business. It does not include considerations of corporate purpose, core values, a conscious approach to leadership, in a culture of trust and caring.

PDM: How can institutional investors and family offices allocate capital in a conscious way and at the same time generate above average risk adjusted returns?

RS: Investors and family offices should first identify their core values and the impact that they seek to have in the world through their investments. Investments are not just about returns; they are about impact as well as legacy. Investing is about giving life to something that otherwise would not exist. It must be thought of as a long-term proposition. There is no such thing as short-term investing; true investing is for the long-term. Anything else →

→ is just speculation. Conscious investors should look for companies that rate highly on all the pillars of conscious capitalism. The pillars are synergistic with each other, the whole is greater than the sum of the parts. They should focus on leading indicators of future performance, such as extremely high levels of employee engagement and customer loyalty.

PDM: What kind of behavior, attitude or best practices can family offices and organizations adapt to be purposeful?

RS: As I wrote above, it starts with identifying and articulating your purpose and your core values. A good way to ensure continued adherence to purpose is to develop what we call “key purpose indicators” and track them over time.

PDM: How to resolve conflict among individuals, families and organizations? How can families and organizations heal? What to do when families and individuals are unable to forgive? What to do when trust is broken? Can trust be re-paired? If so, how?

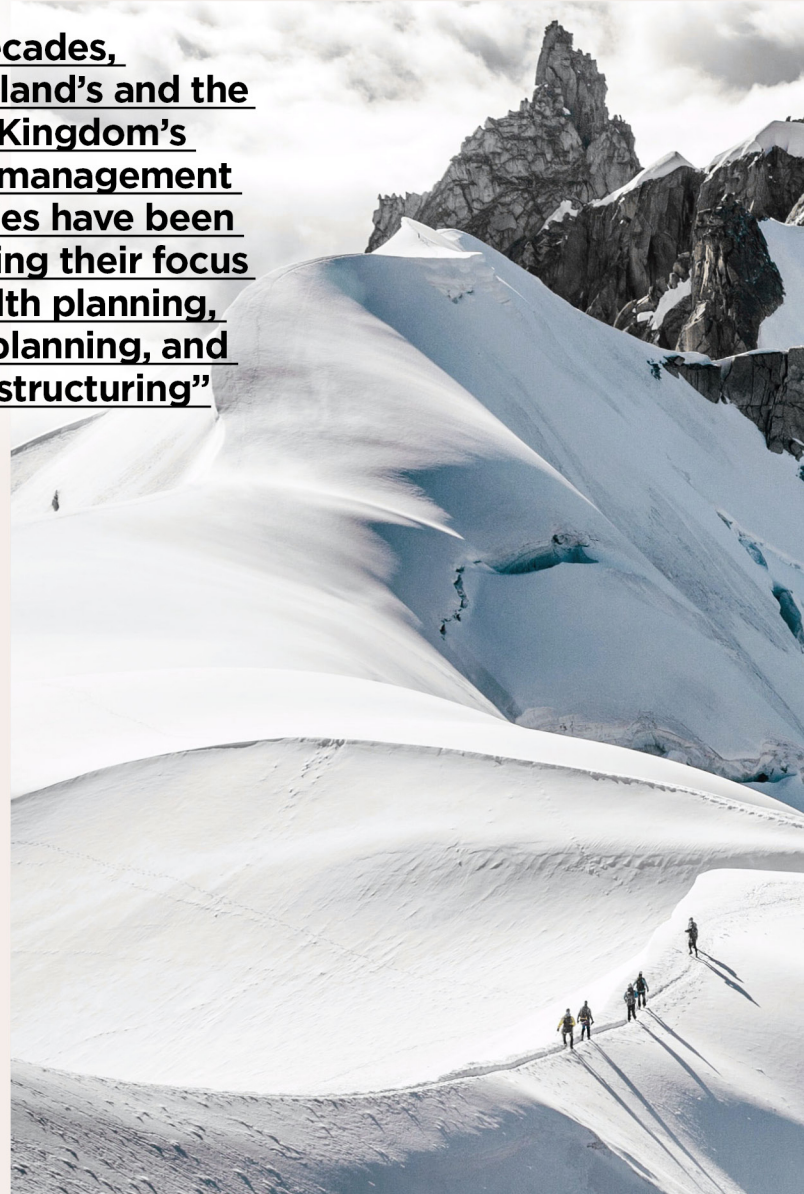
RS: The ease or difficulty with which we can resolve conflict depends on the level at which the conflict is occurring. If the conflict is simply over a matter of opinion, interpretation, or judgment, it can usually be resolved through an open conversation with deep listening on all sides. If addressed in a healthy way, conflict becomes an opportunity to elevate and create more value. But if the conflict is over a difference in values, it is much more difficult to resolve, as most values are deeply embedded in the individuals holding them.

Even in situations of a conflict based on values, it is often possible to bridge the gap by recognizing that certain values are not opposed to each other but are polarities that need and reinforce each other. Please see my response to question 12 below.

THE QUESTION of how families and organizations can heal is a complicated one. It depends on what the family or organization needs to heal from. Every individual, every family and every organization has experienced some degree of trauma in the past.

Most never do anything to heal from that trauma.

“For decades, Switzerland’s and the United Kingdom’s wealth management industries have been increasing their focus on wealth planning, estate planning, and wealth structuring”



As a result, they continue to operate in a reactive, usually damaging way when a situation comes up that triggers an unconscious response rooted in fear. As a general principle for dealing with trauma, I say, “Reveal it, feel it and heal it.” As James Baldwin said, “Not everything that is faced can be changed, but nothing can be changed until it is faced.” There are a variety of modalities that can help families and organizations heal from embedded trauma.

The ability to forgive and to ask for forgiveness is a critical aspect of being a conscious leader and



Above

Photo by Jonathan Gallegos, 2018.

a conscious organization. Apologies must be genuine and heartfelt if they are to result in forgiveness and healing. One of the most effective ways to apologize that I have come across comes from Hawaii. It is called “Ho’oponopono” and consists of four simple heartfelt phrases: “I’m sorry. Please forgive me. Thank you. I love you.” I have personally experienced transformative results when I have apologized in this way.

Near the end of the book *Tuesdays With Morrie*, author Mitch Albom asks his dying professor

Morrie, “What is the one thing you know today that you wish you had known when you were younger that you know today? What would you do differently?” Without hesitating, Morrie replied, “If I could live my life over again, I would forgive everyone for everything.” Holding on to hatred (especially for his own father) had served no purpose other than to embitter Morrie’s life.

BUT THERE IS a level beyond forgiveness: acceptance. I learned this in a spiritual course. The teacher said, “Forgiving someone implies that you are right and they are wrong, that you are above them. Acceptance simply means that you accept that this person did something for reasons you don’t understand. Countless factors affect our behavior, which we don’t fully understand: our innate nature, our upbringing, the values that were instilled in us, the circumstances surrounding us at the time, and many other things outside our control. People do what they do, and they don’t do what they don’t do. They are on their own journeys learning their own lessons. The best thing to do is to accept it and move on.”

Trust is foundational to any relationship. It starts with trusting yourself; how much self-trust an individual has determines how much risk they’re willing to take in any arena. With relationships, you build trust in the small moments. Trust is broken when confidentiality is broken, and when someone refuses to take personal accountability for their actions. You can only earn back trust through actions, not words. It can be a long, slow process to regain lost trust.

PDM: No matter how impeccable your business leadership re-cord or strong your strategic plan is, its efficacy may be held back by few members of the organization. What can lead-ers do when culture/politics kills rational behavior, merits and conscious oriented individuals? How to deal with toxic teams and toxic cultures, particularly if it comes from the very top of the company?

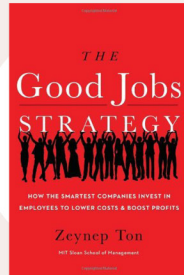
RS: Modeling and sustaining a conscious and caring culture is one of the primary responsibilities of a conscious leader. Leaders should make it clear that errors in judgment or acceptable and →

→ forgivable, but toxic behavior is not the leader must hold people accountable for toxic words and actions.

POWER AND VIRTUE need to go together. Unfortunately, in most traditional organizations, they do not. Multiple academic studies have found that over 20% of C-level executives in companies have psychological profiles that meet most of the criteria for being a sociopath or a psychopath. That is approximately the same percentage that is found in high security prisons, compared to roughly 1% in the general public. This is because traditional business cultures reward “results at all costs: thus enabling sociopathic behavior that completely ignores the impacts on the well-being of the people in the organization.

PDM: What kind of conscious leadership skills are required in an increasingly fragmented and polarized society?

RS: In addition to the qualities mentioned above under *SELFLESS*, conscious leaders also need to cultivate the ability to integrate polarities. Polarities are things that appear to be contradictory but are in fact complementary. Instead of choosing one or the other, we need to integrate both so that we can benefit from the upside of each pole while avoiding the downside of each pole. Examples of



Of interest

The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits By Zeynep Ton.



Above

Photo by Sujitkun Khantayana, 2016.

polarities include profit and purpose; stability and change; centralized and decentralized; masculine and feminine; and freedom and equality.

A useful tool to think about dilemmas is polarity mapping, developed by Dr. Barry Johnson. When faced with a polarity, most people tend to prefer one of the choices. But there is truth and wisdom on both sides of many issues; each side is incomplete without the wisdom and input of the other. Polarity mapping is a powerful tool to come unstuck from our “either-or” thought and behavioral patterns. Most problems are simply polarities that can be worked with and leveraged, by using “AND” rather than “OR,” i.e., including both polar qualities as inter-dependent pairs in coming up with the solution. Indeed, that is the only way to find a lasting, impactful solution in many cases.

PDM: Trade and capital markets have helped economies expand perhaps to the benefit of few. As a result, inequality in the U.S. and around the world is growing. Could you share your insight and perspective on how do you think inequality and poverty can be solved?

RS: In a world of zero sum thinking and profit maximization, companies sought to minimize all costs and maximize revenues. That meant paying people as little as possible, and designing business models around that. Over the last 40 years, income inequality has risen drastically in many countries, especially the US. Worker pay has been flat over that time, while executive pay has risen over 1000%. If this continues, there will be social upheaval and even revolutions in many countries. We see the signs of this already. Populist movements are rising around the world, and countries like Chile are significantly reversing their commitment to laissez-faire capitalism.

We need to drastically change our thinking from viewing people as costs to be minimized to thinking of them as sources to be amplified. Businesses need to reconfigure their business models around the idea of “good” jobs that pay a living wage (at a minimum), enable growth and development and result in meaning and fulfillment for the employee. As the book *the Good Jobs Strategy* shows, this need not result in lower profits; in fact, companies that do this well grow faster and



are more profitable than their competitors. The advantages of a more engaged workforce that is more innovative and caring while making fewer operational mistakes usually outweigh the additional costs of paying higher wages and providing better benefits, especially when you factor in the savings associated with lower annual employee turnover.

Unilever is a great example of a company that several years ago made a commitment to offering a living wage to all its employees worldwide. *Unilever* has also required that all its suppliers start paying a living wage to their workers by 2030 at the latest, and the company is helping those suppliers learn how they can do that.



N ADDITION TO paying a living wage, companies can should help their employees with financial literacy and help extricate them from financial traps that they may have fallen into. Ramon Mendiola Sanchez, CEO of FIFCO, the largest company in Costa Rica, realized that despite paying good wages, approximately 3% of the company's employees were living in poverty. He created a program that lifted those families out of poverty within three years and helped them establish a more secure financial base.

PDM: In a post-pandemic world, how do you think conscious leaders should responded to inequality, health crisis, pain and injustice?

RS: There is a great deal of suffering in the world. The way that we have practiced business in the past has contributed to that. When business is done with an attitude of genuine care and service, it be-



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Above
Photo by Sam Sommer, 2016.

comes a healing act. We human beings are here on this planet to take care of ourselves and serve each other. Business is a way we can do that at scale. But when we view business as a way to use others to achieve our personal goals, it results in suffering.

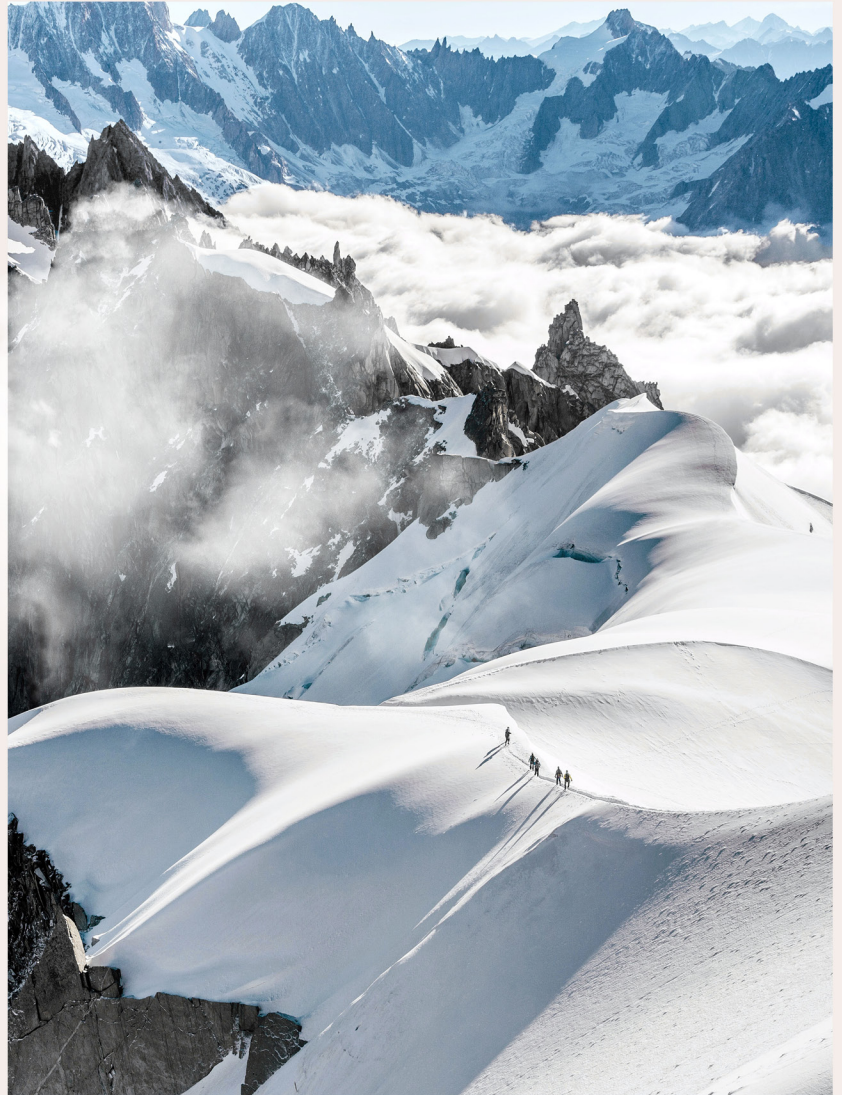
In addition to extreme inequality caused by poor pay, most work environments create a great deal of stress and suffering for employees. Heart attacks are significantly higher on Mondays, →

→ and millions of people around the world die every year due to stress or overwork. It does not have to be this way. I strongly believe that done right, businesses can be a place of healing for those who work there, a source of healing for those it serves and a force for healing in society. I define healing as “reducing suffering, elevating joy and promoting healthy growth.” In my book *The Healing Organization*, I write about 25 companies that are places of healing for the employees, sources of healing for their customers and forces for healing in society. To become a healing organization, you need healing leaders. Such leaders open their minds and hearts to the lived experience of the people their company employs and impacts. When we bear witness to the suffering of others, loving action naturally arises. By creating places of healing, business leaders also end up healing themselves, finding great joy and fulfillment in their work.

PDM: Given the current state of geopolitical and global affairs, is democracy, freedom, the rule of law and capitalism at risk? How can the U.S. and China resolve tensions and avoid an escalation of conflict with unintended consequences?

RS: We are going through a dangerous period in human history. Recall the year 1989. On November 9 of that year, the Berlin Wall was brought down. The wall had been a tangible symbol of the defining debate of the 20th century between competing ideologies for how to organize human society: capitalism, democracy and freedom on the one hand versus communism, socialism and government control on the other. That debate had been the basis for the Cold War, which most people believed would end with a nuclear holocaust.

Suddenly, without a gunshot being fired, that debate was over. Democracy and capitalism, which are based on human freedom and dignity, triumphed over communism and socialism. Capitalism and democracy were joined together at that time. However, in the decades since, capitalism and democracy have slowly diverged in many countries. In some countries, there is capitalism but no democracy. In some other countries, capitalism has co-opted the levers of democracy to



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Photo by Jonathan Gallegos, 2018.

create a version of crony capitalism. We urgently need to reconnect capitalism and democracy, and ensure that capitalism serves democracy and not the other way around.

THE GROWING CONFLICT between the US and China is the result of justified fear that the Chinese model of state sponsored capitalism without democracy is a dangerous trend that distorts self-correcting market forces. It represents a clash of civilizations as well as a clash of value systems. Unless China evolves towards democracy, this conflict is unlikely to abate in the future.

In the interim, there needs to be constructive

engagement on both sides, recognizing our interconnectedness and interdependence. As Martin Luther King Jr said, “All life is interrelated. We are all caught in an inescapable network of mutuality, tied into a single garment of destiny. Whatever affects one directly, affects all indirectly.” We need to shed the zero-sum world-view that the US and China can only advance at each of their expense. Despite its obvious flaws, China has succeeded in lifting hundreds of millions of people out of poverty. It needs to be encouraged to move towards creating the conditions for greater freedom and self-determination for its people. Of course, I recognize that is easier said than done.

PDM: Can consciousness thrive and individuals become conscious leaders in countries that lack freedom, human rights, rule of law and have a corrupt and dysfunctional legal system?

RS: Systems breed certain kinds of behaviors, and those behaviors cannot be changed until the system is altered. Islands of consciousness can exist within seas of despair, but they cannot thrive or grow. In corrupt countries that lack freedom, human rights and the rule of law, true capitalism cannot exist, let alone *Conscious Capitalism*. In such environments, human beings descend to lower levels of consciousness, rooted in survival and domination.

PDM: Any words of wisdom to the skeptics of the conscious capitalism movement?

RS: My question to skeptics is “What are you afraid of?” It is said that a cynic is a disappointed idealist. Most of those who are skeptical of the *Conscious Capitalism* movement operate from fear and a scarcity mindset. After all, classical economics is rooted in the idea of scarcity. *Conscious Capitalism* is rooted in the idea of love and abundance. Traditional economics and capitalism assume that human beings operate only based upon their self-interest. *Conscious Capitalism* recognizes that

we are also motivated by a need to care and a drive towards purpose. This is what it really means to be a human being. That understanding greatly enriches the institution of business. It is a way of being in business where everybody matters and everybody wins in the long run.

PDM: What is the vision and goals of the Conscious Enterprise Center at Tecnológico de Monterrey? Can Monterrey and Mexico at large become a global hub of consciousness and healing?

RS: Our vision is that the *Conscious Enterprise Center* will become the leading center worldwide for research, teaching, executive education, case development, benchmarking and consulting. Our initial focus will be on Mexico, but we aspire to reach beyond Mexico to include all of Latin America and other parts of the world as well. Our location within Tecnológico de Monterrey and the city of Monterrey give us a unique advantage. Tecnológico de Monterrey has a massive national presence, a growing global reputation, a powerful board of trustees and an extensive alumni network.

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Monterrey is a city with a unique heritage of enlightened business practices. We will build upon these strengths to create a uniquely valuable and impactful center.

PDM: What are the key MegaTrends that you foresee in the next decade?

RS: Our planet has existed for 4½ billion years, but we have destroyed much of its life-giving capacity in just a couple of hundred years. The Earth →



Of Interest

The Healing Organization: Awakening the Conscience of Business to Help Save the World by Raj Sisodia.

→ can sustain a stunning diversity of life forever, but the ignorant and mindless way in which we have lived and led means that people alive today can vividly foresee the devastation of human society and extinguishing of countless other life forms in their lifetimes.

But this future is far from inevitable. We have agency. We can influence and alter the trajectory of life on our planet. The levers are in our hands. If we exercise them with care and consciousness, we can set human society and the planet back on a life-sustaining path. It starts with a fresh approach to business.

Most businesses act as though the future doesn't exist or does not matter. This is unconscionable, selfish, myopic and suicidal. Every business should consider the future as its biggest stakeholder. We must reject any action that does not contribute to the creation of a vibrant future for life on the planet and the life of the planet.

PDM: Please feel to share any final thoughts, insights or re-marks with our audience.

RS: The profit maximizing approach to business gave us dramatic gains in per capita incomes, extraordinary technological advances, and significant increases in longevity. But the relentless and single-minded pursuit of profits and efficiency also resulted in the dehumanization of work. We treated people as costs to be minimized and resources to be exploited. That mindset was directly responsible for the rise of militant unions, followed by Marxism, socialism, and communism. Those social movements and ideologies arose as responses to the abuses that were sanctioned and justified under the old theory of business. It divided the world and created unfathomable amounts of suffering.

The environmental and planetary consequences have been even worse. We treated this finite and fragile planet as an infinite source and a limitless sink, resulting in devastated ecosystems, deforested landscapes, polluted air and water, overfished oceans, and the elimination of countless species. We instituted systems of unconscionable cruelty in factory farming systems in pursuit of efficiency and profits.

We are individually and collectively responsible for all the suffering we have wrought in the pursuit of profits. It is time to change course, to heal and elevate to a better way of doing business.



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WE DO NOT NEED to choose between profits and people, or between success and suffering. Adopting a new human and planetary-centered approach to business gives us access to the upsides of capitalism to an even greater extent than before, with none of the downsides. Practiced along these lines, business becomes noble, heroic, and beautiful. The authors of *The Purposeful Company* expressed it well: "Great firms are precious economic and social organizations. They are the originators of wealth generation, offering solutions to human dilemmas and wants at scale, and are thus agents of human betterment. They are enabled by the pursuit of clearly defined visionary corporate purposes, which set out how the company will better peoples' lives. Those purposes are binding commitments on the whole enterprise that generate trust and enable increasingly sophisticated forms of value creation."

As William Gibson said, "The future is already here — it's just not very evenly distributed." Many companies already function with this mindset today. We need to recognize, celebrate, and learn from these companies. Leaders of existing businesses need to upgrade their obsolete operating systems. Entrepreneurs need to embed this new mindset in their businesses from the outset. We need to teach the millions of students who graduate from business schools around the world every year that this is how we need to do business in the future.

If we do not do this, we will have failed at the greatest responsibility ever borne by humans. Future generations will forever remember those now in positions of power and influence as the callous, myopic, and complacent overseers of a disintegrating system.

It is time for us to wake up from our collective trance. We are stewards who need to finally awaken to our stewardship. It is time to remember who we are: the apex species on this planet whose sacred duty it is to steward the planet with wisdom and foresight for the continued flourishing of life. That requires us to elevate to a new understanding of what business is really about. **R**



Our Dream for 2025

- ▶ To position the concept of conscious enterprise and have our alumni lead their companies and organizations with this model.
- ▶ To have a robust framework and methodology of conscious enterprise management adapted to the Mexican and Latin American context
- ▶ To have a wide offering of innovative learning experiences that inspire and support leaders, companies, and organizations to adopt the conscious enterprise model.
- ▶ To have a strong, collaborative international network of conscious leaders, companies, and organizations that share best practices.
- ▶ To disseminate and promote the concept of conscious enterprise worldwide, igniting positive change.
- ▶ To lead a community of conscious leaders experts and advocates, in other words, a conscious generation interconnected across the world working for a more prosperous, just, and inclusive future.

Our Purpose

Transform business education and consciousness in leaders and organizations to elevate human flourishing, heal the planet, and create a more fair and prosperous society.

Our Impact

LEARNING

Experiences designed to connect mindset, knowledge, action and impact.

COMMUNITY

Of conscious leaders, companies and organizations supported by Tecnológico de Monterrey's philosophy and platform.

FACULTY

Giving impulse to conscious leadership and conscious culture.

ACCOMPANIMENT

Grounded in evidence from research on conscious management practices.



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