

## Bill Veltrop INTERVIEWS Mike McMASTER



Bill Veltrop



Mike McMaster

---

### Mike McMaster's journey

#### Bill Veltrop:

It's a privilege to be participating with you in pioneering these Fireside Conversations. I'd like to lead off with a couple of personal questions:

- 1) What benefits would you ideally like to realize for yourself and/or others out of your commitment to this interview?
- 2) How do you imagine that I might best contribute to the realization of those benefits?

#### Mike McMaster:

What I'd like to realise from this interview is to be able to access and express something about the area of organisational intelligence than is deeper - more at the core - than anything I've been able to express so far.

What I'd also like for myself and others is that the interview provide the most elegantly simple introduction to the field that has so far been done. It is too easy, for me at least, to get carried away with those aspects that interest me or that are most poetic but which don't necessarily communicate well.

I think you might best contribute to the realisation of those ideals by simply asking the questions that are closest to your heart and which elicit the simplicity that lies there.

I am very much looking forward to the process. Y

#### B.V.:

This seems like it will be a juicy exploration. I like the challenge you are putting before us. However, before we dive into that pool I'd enjoy learning a bit more about you and your journey. Tell me about what brought you to this conversation. Why this focus? What led you here?

**M. M.:**

Page | 2

The journey began almost 30 years ago. As controller of a company and responsible for staff, I wondered why people didn't love working. Deciding that it had something to do with communication - and that my own was the place to start - I started exploring communication and relationship with various psychologists. This led me to leading workshops, writing books and consulting. But as I worked with companies, I began to see that even when everyone in the company really improved their communication, the whole did not improve dramatically. This led me to begin to consider that there was something at a level larger than individual that also had to be addressed.

Not finding anything in the field of management, I explored other fields - science, philosophy, linguistics, economics and others - to see what they might contribute to understanding organisation. Each contributed to greater understanding and more effective transformation efforts.

The latest field to contribute to my thinking in this area I discovered at the Santa Fe Institute. More than anything, they provided a language and a logic that matched the challenges that I'd been confronting and trying to communicate to the business world about. This began about seven years ago and was more or less at the same time as I heard of Senge's "The Learning Organisation".

While there was obviously some very good stuff in that idea, there were things that didn't quite do the job. One was that, although the talk was of organisational learning - a better term for what interested me than "The Learning Organisation" - what I observed was more of what I'd pursued in communication. That is, individual learning was seen as the key to corporate change.

The other was that I thought that organisational learning was the wrong place to focus initially. What seemed to need to come first was a view of organisation that allowed for learning as a natural phenomenon. I thought the first question to explore was "What is the nature of something that exists by learning?" This was the way that SFI and organisational came together for me.

My choice of "organisational intelligence" as a focus arose from this idea. I mean to designate by "intelligence" a capacity to learn, to understand, to know, to interpret, to make choices and to act on all of that. My assumption is that an organisation IS intelligent independent of the individuals who are part of it. The corporate organisation is intelligent in its own right. (The Royal Mail knows how to deliver mail to the vast city of London but nobody in the Royal Mail

knows how nor can it be mapped in a way that will get the mail delivered. The Royal Mail is intelligent.)

My beginning point is that intelligence describes a "match to the universe" and that any individual intelligence is inside of or co-emergent with a greater intelligence. I am intelligent largely to the extent that the society that I grew into is intelligent.

The particular intelligence of a corporation is unique in that we have access to the design of the structure of intelligence.

That is the path I am focussed on: the exploration of how we can design our organisations so that they realise the maximum in intelligence of the larger whole and of each and every person within those organisations and the societies that they are part of.

### **M. M.:**

The Santa Fe Institute provided a Western, scientific language which is consistent with much of what has gone before. They provide models, metaphors, examples of mechanisms and various other useful conceptual tools to begin to tackle the challenges of intelligent organisation.

The importance of this is hard to understand. It isn't in the models themselves so much as in providing a language and a structure in which they can be talked about in business culture. Various earlier native and Eastern disciplines may have provided many useful ways of thinking about the same issues but the language and metaphor is not generally accepted in the boardrooms of the West - even though they are accepted in some. (And accepted by individuals in those capacities far beyond what is generally known.)

The Santa Fe Institute is doing research into the common features of "systems that survive by adaptation" and particularly into those that create models, strategies or schemata to accomplish that survival. A special case of these is human beings who have language. A special case is also corporations and human institutions created for productive purposes.

### **B. V.:**

Your response on the role of the Santa Fe Institute in your work evoked a deep resonance in me. I am becoming ever-more respectful of the responsibility we have to discover, create and evolve language, lenses, frameworks and models that enable us to expand the conversations that are possible among executives and thought leaders in business. Einstein's quote, "The significant problems we face in life can not be solved at the level of thinking that created those problems," surely applies to language as well as to thinking.

## **Selecting the juiciest questions**

### **Bill Veltrop:**

I'd like for us to focus a bit on what questions would be the juiciest for us to explore. Which questions would both stretch the two of us to new places and also best serve those who will be joining us as our process unfolds?

But before going down that path, I would like for you to elaborate a bit on one point you brought forward.

[You referred to](#) "the latest field to contribute to my thinking in this area I discovered at the Santa Fe Institute. Would you say more?

I found your last five paragraphs particularly powerful and evocative and would like to use them as a starting point for exploring what questions to explore. I am especially stimulated by [your last sentence](#):

"That is the path I am focussed on: the exploration of how we can design our organisations so that they realise the maximum in intelligence of the larger whole and of each and every person within those organisations and the societies that they are part of."

#### SOME PRE-DAWN QUESTIONS:

Do you distinguish between intelligence and wisdom, and if so, how?

What might be the highest purpose of focusing attention and intention on organizational intelligence? What might the highest forms of OI look like?

Is intelligence only mental or is it a mind/body phenomenon? I know that for me, the greatest gains I've made in my intelligence/wisdom over the last several years have involved my physical body in concert with my mind.

How strongly analogous is organizational intelligence to individual intelligence?

What conditions best support the growing of intelligence for individuals and for organizations?

What would be the most useful way to distinguish organizational consciousness?

What role does organizational consciousness play in organizational intelligence?

What things does Mike McMaster do to grow his intelligence? Is it primarily a cognitive exercise or is it more than that?

#### AN INVITATION

Mike, I invite you to bring forward questions that you would find particularly generative to explore. Let's diverge a bit before deciding on which questions to focus on.

#### Mike McMaster:

One of the questions you ask I want to answer now and we may get into it more deeply later. That is, do I refer to "mind/body" when I refer to intelligence?

I refer to the whole organism and its capacity to sense its environment, to generate and interpret information, and to make decisions and act on those decisions.

I felt that this was too important a distinction to leave. We have almost lost the effective use of "intelligence" because of IQ test and other nonsense that has ignored intelligence as a capacity.

#### B. V.:

I'd like to continue the process of generating questions for possible exploration. A few more that have come to mind for me:

What might be the characteristics that distinguish organizational "genius?" Is winning in the marketplace an adequate measure of organizational genius? Or are there more profound, more useful, and/or more subtle indicators that we can watch/measure?

In your description of intelligence above, you refer to "capacity to generate and interpret information, and to make decisions and act on those decisions." What might be our most generative way to describe genius? Might it have something to do with a capacity to sustain, grow and evolve organizational intelligence on-goingly?

We usually manage to what we measure. Are there ways that we can notice and distinguish what adds to or subtracts from an organization's capability to grow its intelligence?

Do you imagine that there may be upper limits to organizational intelligence? On a scale of 1-10, where do today's large organizations fall relative to what may become possible?

If you were made CEO of a sizeable corporation, and a part of your charter was to grow this organization's intelligence, what are the kinds of things you would consider doing in your first 100 days?

How about you, Mike? What questions do you have that would be both stretching and rewarding to inquire into?

**M. M.:**

I'm very engaged by almost all of the questions you've asked.

Here are a few additional questions that would interest and stretch me:

In emergent phenomena, there are "levels" which is a term that distinguishes the characteristics of entities which have emerged and which are new to the universe. These characteristics are not shared by the elements from which the emergence occurred. What is the distinct nature of a corporation compared to an individual and what is the significance of these for relationships and interactions between them?

When is a whole corporation emergent (to a new level) and when is corporate growth just evolutionary?

Does growth matter to a corporation or is "living intelligently" sufficient? What is growth to a corporation in an organic sense?

What is the distinction between "genius" and "wisdom" at the organisational level?

**M. M.:**

In reviewing all of the above dialogue and questions, I am more impatient to get started into the questions than in generating more. They seem a very compelling set. They also seem to be

at about the right level. Not too abstract and yet not too operational before we get some background conversation in place.

The three areas that strike me, any one of which as a good starting point, are:

- What is the relationship between individual and organisation in the area of intelligence?
- What is organisational intelligence and what is its value?
- What would I do in my first 100 days as a new CEO?

Any one of these cuts will probably get quickly into the whole but each from quite different orientations.

Offer more questions, choose which way to go and I'm ready to begin.

## The first 100 days of a new CEO

### Bill Veltrop:

Let's make you the CEO of a large corporation. What things would you do in the first 100 days that would trigger an irreversible shift toward growing that organization's intelligence?

### Mike McMaster's response:

What would I do in my first 100 days:

An answer to the question requires a background. What someone does will be based on their principles, their models and their experience. To summarise my principles:

- Values are the core of identity and this is a key to success. What I mean by that is values are present and operationally visible.
- Human beings will achieve things when co-operating, when in dialogue, when in relationship, that is beyond anything we can imagine.
- Human beings are self-generating and in an environment of strong principles will generate rich patterns of behaviour that are unique in the world.
- The intelligence of the organisation is always greater than the intelligence of any individual in it.

My interest is in rethinking an industry and an organisation so that it is a unique contribution to the possibilities of society and its marketplaces.

Then we need to consider what I'd do immediately before those 100 days. To the extent possible, I'd engage in a great deal of dialogue, observation and thinking before the official 100

days began. Anyone taking a job will have spent at least some time getting familiar with the situation, whether or not they think they can win and settling for themselves that they are a match for the challenge. After this, and before arriving, I'd meditate for some time on the whole. This would involve quiet time to "be with" my impression and my thoughts and try to sense what was wanted by the market, the organisation and the people in it.

Now, for the official 100 days. Most of the following is in order of starting but not as linear nor distinct as indicated. The activities would tend to overlap but would all be completed in 100 days.

10 days, I'd meet with various groups in the following way. I'd arrange three 3hour sessions per day with at least three different groups. One would be the executive team. One would be a cross-functional group of upper management. One would be a group of young "high potential" managers, project leaders and professionals. These groups would engage in the meetings for 3 hours each day and then conduct their regular work, by phone and computer with full secretarial support so that the thinking would be interspersed with regular work. After a few days of this, I'd ask each what they were doing, what they were focusing on during those work times - and probably get reports from their secretaries. These meetings would be to inquire into what the most important issues of the organisation are and, once aligned, on how we were going to share that understanding broadly through the company. With this group, I'd also consider the existing organisational design and what could be done to increase connections, distribute accountability and share understanding.

20 days, I'd spend time in dialogue various parts of the company and various groups in rethinking the nature of the industry, the nature of the business and how it might be re-invented. I would also use this time to visit major sites and share my core values and principles in open dialogue.

10 days, I'd engage with groups representing the stakeholders in the two biggest, most complex issues facing the organisation in a structured process with software support (ISM) to align on the key factors of these issues and developing action plans.

30 days, formulate a "core text" which states in powerful language what the core values, principles of organisation and strategic questions are. This "core text" will emerge from dialogue as a mix of the way it has been consistent with the way it is intended to be. The document will create a gap between what is and what might be and make clear that the gap is intended to be moved into and that there will always be a gap to be filled. The "core text" will be published in many ways using many media so that it is accessible as an operational document to the whole organisation and available for comment and dialogue without being dependent on formal structures for that dialogue.

30 days, empower and enable the first wave of ideas so they are implemented and push the organisation to a threshold where the ability of the existing structure cannot handle the energy and initiative of the individual employees and the various teams and departments. This time

will also involve creating practices and structures to support the development of organisational intelligence. These will include infrastructure but me more focused on behaviour and simple, local efforts within some few strong practice areas.

What would be "irreversible" about this? The focus of attention on increasing intelligence of the whole and of everybody in it. Operational issues would be left at the appropriate level for operational levels and the "higher" levels would become focused on the areas that justify their level. If they are interfering in levels which are not appropriate to them or doing things that are other than enabling to those levels, these would be stopped immediately. That is action that will be noticed and also indicates that a different design is in operation.

The other major focus will be on understanding. As understanding increases - which the source document and practices to go with it will accomplish - then intelligence will increase and, once begun, people will not let go.

Finally, increased connections and distributed accountability will register changes that will both produce immediate releases of energy and announce that things are changing.

**B. V.:**

I really appreciated your touching on what you would do to prepare yourself for this CEO assignment before Day 1: The dialogue, observation and thinking; assuring yourself of goodness of fit; meditating on the whole. This feels solid, and would surely have a powerful influence on the who, what, how and when of your first 100 days.

I'm curious about how you go about "meditating on the whole." For me, the predawn time is special for that type of reflection. I have a practice of showering, doing yoga stretches and then doing some select reading that serves as preparation for thinking on paper about challenges such as your "CEO assignment." Do you have specific habits or practices, or are you using the term "meditation" in its broader sense?

I also appreciated your summarizing what you refer to as your principles up front. I found them powerful and revealing. I want to get clear on them before going into what you imagined doing in your first 100 days.

Imagining you as new CEO, I read your "principles" as your commitment:

- o To put explicit emphasis on making your values (i.e., what's really important to you.) present and operationally visible, and that you would be encouraging that for the organization as a whole.
- o To create a context that supports members co-operating, being in dialogue and in relationship. When this is happening, you believe they will achieve things beyond what we can imagine.

- o To create an environment of strong principles that supports the self-generating nature of individuals, so that they may generate rich patterns of behavior that are uniquely contributory in the world.
- o To focus explicitly on organizational intelligence, (Which you assert to be greater than that of any individual) in a way that increases consciousness of it as a vital capability to be nurtured and developed.
- o To have this CEO assignment be an opportunity to demonstrate the unique contribution that organizations can make to the possibilities of society and its marketplaces.

I've taken some liberties with your wording. I do that to test my understanding of your principles.