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A CALL FOR LONG-TERM CAPITALISM

CAPITALISM IS STUCK IN A STATE OF PATHOLOGICAL URGENCY THAT'S HARMFUL TO US ALL, INCLUDING OUR BUSINESSES' BOTTOM LINES. SO WHY CAN'T WE SNAP OUT OF IT?

RAND STAGEN □ JULY 24, 2018

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The vast majority of CEOs, board members, and investors in power at larger public organizations today have been conditioned and rewarded to deliver short-term results at the expense of long-term organizational health. Not hitting your numbers as a CEO? No problem; simply buy blocks of your own shares, raise the share price, get your bonus, and deliver quick cash to short-term investors. [According to the Economist](#), share buybacks “have become a kind of corporate cocaine that induces a temporary feeling of invincibility but masks weakness and vacuity.”

The rising popularity of share buybacks is just one symptom of an epidemic of pathological urgency negatively impacting our communities and society at large. Our mass culture seems almost enslaved to the immediacy of social media and always-on communication tech. Our politics have become so infected with chronic urgency that campaigns run on media soundbites and promises that pander to the short-term demands of lobbyists and voters. And like an addict getting a quick fix, we’re depleting natural resources at a rate faster than our environment can possibly regenerate. We have become far too accustomed to instant gratification and immediate results, and our planet, communities, and prosperity are suffering as a result.

The good news is that it doesn’t have to be this way. Fueled by a looming existential crisis, today’s most conscious business leaders are catalyzing a massive evolutionary shift in our culture at large, one that’s related to developing their own capacity to think and act for the long term — a skill I call “decading.” By committing to their own emotional and psychological development, these trailblazers are creating conditions for our whole society to move into a healthier and more sustainable future state. The work they’re doing is challenging, but it’s not random or haphazard: the internal developmental path is well documented. But to truly transform our culture, we need more business leaders to join them. Here’s why and how.

The Business Case For Long-Termism

Our understanding of human psychological development is informed by decades of work by researchers such as Jean Piaget, Abraham Maslow, Lawrence Kohlberg, James Fowler, Jane Loevinger, Robert Kegan, et al. Amazingly, these independent studies documented a common pattern in which individual development unfolds in predictable stages of vertical development. These stages, also referred to as levels, represent milestones of increasing mental, emotional, and spiritual complexity. In short — consciousness complexity. Drawing on this substantial body of work, American philosopher Ken Wilber mapped out the implications of individual consciousness development on societal development. He posits that when 10 percent of a societal population reaches the leading edge of consciousness development, a tipping point is achieved where the qualities of the leading edge begin to permeate the entire culture. So, to change our culture and evolve its center of gravity from chronic short-termism to sustainable long-termism, we need 10 percent of our population — and especially our business leaders — to start operating in a way that supports that shift. While we are close to reaching this tipping point, we’re not there yet. The crazy part of our predicament is that, from an economic point of view, there’s an incredibly strong case against short-termism.

In 2017, McKinsey released [findings from a 15-year study](#) of 615 large- and mid-cap publicly listed companies in

the US. Through the application of their Corporate Horizon Index, which measured patterns of investment, growth, earnings quality, and earnings management, the researchers were able to differentiate between companies that operated with a long-term orientation and those that operated with a short-term orientation.

The long-term companies outperformed the short-term ones across the board. During the period from 2001–2015, long-term-oriented firms delivered cumulative revenue 47 percent higher, cumulative earnings 36 percent higher, and combined market capitalization of \$7 billion more than short-termist firms.

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Armed with credible data on the benefits of long-termism, why have the behaviors of so many capitalists remained unchanged? Why do executives of public companies report that the pressure to deliver quarterly results is getting worse, not better? What drives this urgency for immediate reward over long-term gain?

Pathological urgency isn't just a business issue, it's a consciousness issue. And though we can see that chronic short-termism is hurting business and society, we seem to be trapped by cultural forces beyond our reach. Ultimately, the only way to change a culture is to change the humans in the culture. This is our work now. To succeed, we need to better understand what got us here and what will be needed to move us forward.

America's Cultural Evolution

The epidemic of pathological urgency is everywhere. It's in our home lives, work lives, technology, media, politics, and financial markets. But it's important to remember that our culture — including business — hasn't always been this way.

Following the extreme experience of World War II, we worked arm in arm with our allies and rebuilt our economies in a spirit of cooperation and long-termism. As a result, major western economies boomed throughout the 1950s and 1960s and grew conglomerates that symbolized our collective strength. During this period, America's cultural center of gravity reflected a duty-bound, group-centric consciousness in which individuals sacrificed and conformed to the good of the whole (a company, a union, a church, etc.) for the long haul.

Eventually, the massive conglomerates became slow and inefficient and a consciousness of individualism came into vogue. By the early 1970s the thought-leadership from figures such as philosopher/novelist Ayn Rand and Nobel-prize winning economist Milton Friedman began influencing policymakers, CEOs, and investors. And at a structural level, governments implemented decades of deregulation that reduced constraints on business and promoted a spirit of free markets, competition, and individual achievement.

As our cultural center of gravity coalesced around individualism, the shadowy side of Wall Street capitalism (think Gordon Gekko's "Greed is good" mantra from the movie "Wall Street") gained massive momentum over a three-decade period starting in the early 1980s, and ultimately became one of the major contributors to the pathological urgency of today.

To be clear, our current circumstance is not an indictment against capitalism as a system. Over the past 200

years, capitalism has pulled the majority of the world's population out of extreme poverty and achieved unprecedented levels of human cooperation and opportunity. However, everything has a shadowy side. For capitalism, that shadow has revealed itself as the system has become more and more infected with a chronic short-termism driven by self-interest and greed.

The Rise Of The Leading Edge

Consistent with historical cycles, the 2007–2008 financial crisis emerged as a dramatic correction, reminding us of the importance of collective action and the need to protect the long-term interests of our society. On the other side of the crisis, a small but growing group of leaders began to stand against short-termism. These individuals represent today's leading edge of consciousness and they are drawing upon a complex understanding of global interdependencies informed by long time horizons. Exemplars include Pepsi's Indra Nooyi, Unilever's Paul Polman, and Blackrock's Larry Fink (see below for more). This leading edge refuses to submit to Wall Street's short-term obsession and insists on playing the long game. They're being compelled by a sense of existential urgency, the natural evolutionary impulse that says we have to move beyond where we're stuck — in this case, pathological urgency — and we have to do it now.

TIMELINE: THE RISE OF THE LEADING EDGE

Since 2008, a new cohort of leaders who can help tip our culture away from short-termism has been emerging. Here's a brief history of some key moments and players.

2008 – Whole Foods Market CEO and co-founder John Mackey launches the Conscious Capitalism™ movement to promote higher levels of consciousness in business.

2009 – Paul Polman becomes CEO of Unilever and shocks the market by eliminating earnings guidance on his first day in the job and urging shareholders to put their money somewhere else if they don't "buy into this long-term value-creation model, which is equitable, which is shared, which is sustainable."

2009 – Vanguard founder and former CEO John Bogle, former US secretary of commerce Barbara Hackman Franklin, and Berkshire Hathaway's CEO Warren Buffett join a coalition through the Aspen Institute calling for us to overcome short-termism.

2010 – Jay Coen Gilbert and his partners establish the first B Corp (Benefit Corporation) as a new legal entity in Maryland, launching a global movement to protect the legal interests of all stakeholders for the long term.

2011 – Harvard's Michael Porter launches the Creating Shared Value movement that promotes the economic benefits of long-term strategy.

2011 – McKinsey's global managing partner, Dominic Barton, commits one of the world's leading strategy

firms to a long-term capitalism initiative that remains a central ideology of the company.

2014 – The World Economic Forum convenes global leaders in London and launches the Inclusive Capitalism movement.

2015 – Salesforce CEO Marc Benioff declares that Milton Friedman was wrong about the purpose of business and asserts that “the business of business isn’t just about creating profits for shareholders — it’s also about improving the state of the world and driving stakeholder value.”

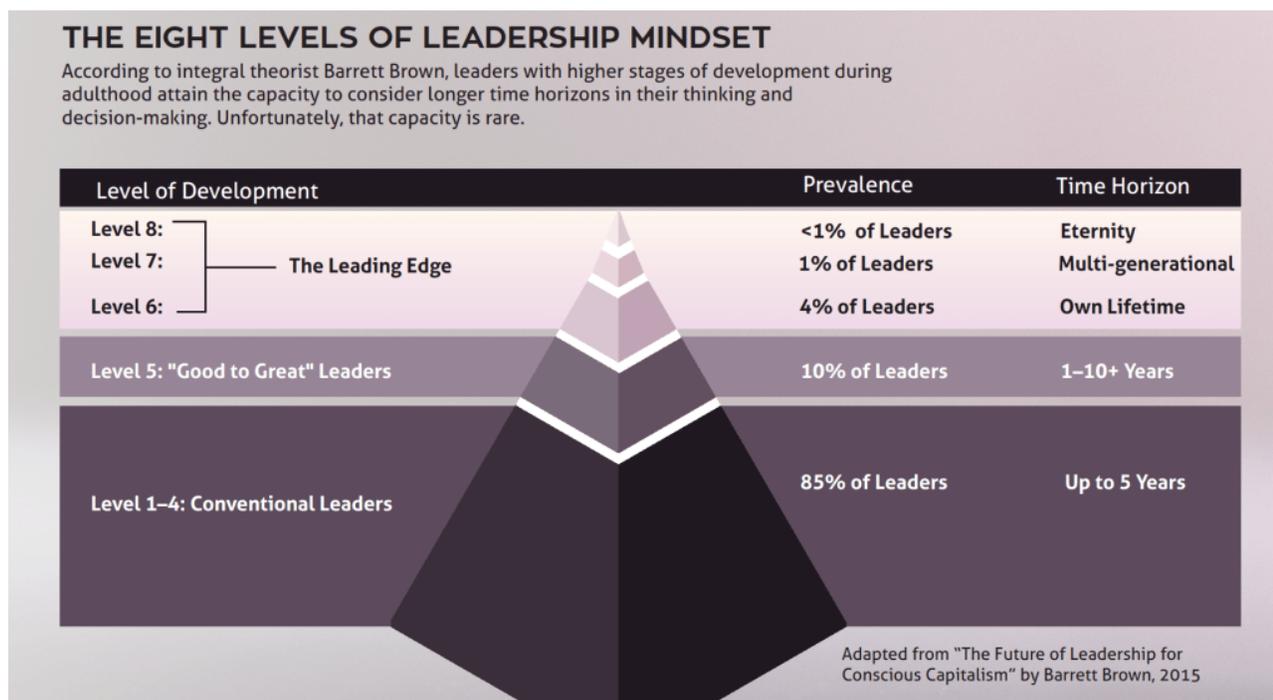
2015 – Michael Bush becomes CEO of the Great Places to Work Institute and re-purposes the global organization and its powerful lists into a catalyst for inclusion and long-term transformation.

2018 – Pepsi CEO Indra Nooyi serves on a Davos panel titled “Towards Better Capitalism” and reflects on her 12-year journey battling Wall Street while transforming her company toward healthier products. Based on her cumulative performance, her activist past-attackers and many critics have to eat crow.

2018 – Blackrock CEO Larry Fink mobilizes his \$6 trillion platform (the world largest money manager) to demand that CEOs of the world’s largest companies demonstrate their organization’s social purpose and long-term strategy.

Although the post-conventional worldview held by these modern-day exemplars is highly complex and rare, the developmental path to achieving its aims is well understood. Thanks to the study of adult development and more than 120 years of research, it is now widely accepted that human beings develop both horizontally (impacting what we know and can do) and vertically (informing who we are).

Integral Theorist Barrett Brown’s white paper “[The Future of Leadership for Conscious Capitalism](#)” is one of the best resources for learning about the topic of vertical development. Drawing upon the data of researchers Bill Torbert and Susanne Cook-Greuter, Brown’s model explains that one fascinating attribute of higher stages of development is the capacity to hold longer time horizons. Per the illustration below, Conventional Leaders (levels 1–4, representing 85 percent of all leaders) operate with time horizons of up to five years. Those at the next level (described by author Jim Collins as “Level 5 leaders” in the book “Good to Great,” and representing 10 percent of all leaders) operate with time horizons up to approximately ten years. Those highly conscious leaders at the leading edge (levels 6–8) operate with time horizons ranging from decades through eternity. Unfortunately, only 5 percent of today’s leaders are at these highest levels of development — not the 10 percent that Wilber posits we need to tip our culture to the next stage of collaborative, conscious capitalism. Thus, the vertical shift from one level of development to the next is today’s leadership imperative. This is our call to adventure.



Join The 10 Percent: Are You Ready To Become A Decader?

After many years working with senior executives, I have found that vertical development is available to most leaders if they are willing to engage their head, heart, and guts during the messy process of reinvention. However, I have also found that very few are ready and willing to embark on a true journey of transformation.

A compounding factor is the dilemma of success: those with the most money, power, and influence are the least likely to engage meaningful change (especially vertical development) because of a fear of losing what they currently have. Therefore, individuals best positioned to change capitalism for the better are more likely to fight to preserve the status quo and their own limiting self-interests. Paradoxically, the winning formula that created success at one level eventually becomes the very formula that holds a leader back from moving to the next level. In many ways, leaders find themselves psychologically locked into a winning formula that defines who they are.

So how can we change a game where so many powerful players and those who make the rules are likely pawns stuck in a vicious cycle of short-termism, captured by pathological urgency that's part of our culture at large?

As leaders, we first must acknowledge our own contributions to the current state of the world. Where have we helped fuel (intentionally or unintentionally) today's pathological urgency? Where have we identified with the orientation of the "short-termer" and benefited from quarterly or annual successes that negatively impacted the long-term health of the system? Where might we be locked into a current winning formula that benefits from the status quo of today's short-termism?

If you're ready for your ultimate hero's journey, willing to leave the comforts of the known world, brave enough to navigate the uncharted territory between where you are today and the shores of the leading edge, I invite you to

become a Decader.

Join the emerging 10 percent who are capable of challenging and overcoming the powerful status quo. Learn to source the courage, selflessness, and patience necessary to help transform the world over a period of decades to benefit your children and their children.

In the words of Martin Luther King Jr., "We are now faced with the fact that tomorrow is today. We are confronted with the fierce urgency of now. In this unfolding conundrum of life and history, there is such a thing as being too late." "This is no time for apathy or complacency. This is a time for vigorous and positive action."

It's ok if you don't yet know how; we can teach you that (see: [10 Practices for Decaders](#)). The important part is the willingness. Because if not us, who? If not now, when?

Source: "A Call for Long Term Capitalism," Rand Stagen, Conscious Company Media, 2018

Rand Stagen

Rand Stagen is the Managing Director of the [Stagen Leadership Academy](#). Established in 1999, the Academy trains leaders from across North America who are committed to long-term personal development and using their organizational platforms for positive impact. A passionate advocate for elevating humanity through business, he is also a founding board member and past chair of Conscious Capitalism International.

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10 PRACTICES FOR DECADERS MOVING TOWARDS LONG-TERM THINKING — DECADING — IS ESSENTIAL FOR THE NEXT PHASE OF CAPITALISM. AND IT REQUIRES A CULTIVATING A HIGHER LEVEL OF CONSCIOUSNESS IN OURSELVES.

[RAND STAGEN \(HTTPS://CONSCIOUSCOMPANYMEDIA.COM/AUTHOR/RAND-STAGEN/\)](https://consciouscompanymedia.com/author/rand-stagen/), ✕ JULY 24, 2018



Decaders are individuals committed to playing the long game in life and in business (see: [A Call for Long-Term Capitalism \(/the-new-economy/social-change/a-call-for-long-term-capitalism/\)](https://consciouscompanymedia.com/the-new-economy/social-change/a-call-for-long-term-capitalism/)). Decaders understand that life is not a problem to be solved, but a mystery to be lived. Wrestling with these 10 orientations can help you live that mystery.

Short-termer

noun

1. A leader who evaluates success in the context of a quarters or a year
2. One who is habitually driven by pathological urgency

Decader

noun

1. A leader who evaluates success in the context of decades and/or lifetimes
 2. One who is consciously motivated by existential urgency
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1. Locate Yourself in the Long Arc of Time

Own the fact that you are a beneficiary. Your life is only possible because of the hard work and sacrifices of your parents, their parents, and countless others who came before them. Consider that it is now your responsibility (a noble obligation) to pay it forward for future generations that you will never know. In the words of poet Walt Whitman, “the powerful play goes on, and you may contribute a verse.” What will your verse be?

2. Learn Deep Lessons from History

Ground yourself in the fundamentals. Study the formation of the universe and explore the evolutionary history of life. Find mentors and use books to learn about key historical figures such as Plato, Lao-Tzu, Queen Elizabeth I, Lincoln, Hitler, Mussolini, Gandhi, Mother Theresa, and Mandela. Find eternal patterns and reflect on how they apply in your own life.

3. Accept Impermanence

Realize that change is the only constant in life. Stop clinging to a fixed and permanent reality. Each day, empty yourself of the illusion of your own certainty about how the world works. See the fleeting nature of everything, especially your own sense of self.

4. Be in the Present Moment

Every moment offers you the opportunity to stop, interrupt your normal automatic process, and be here now. Practice gratitude and acknowledge the present moment as your ultimate teacher. As Charlotte Joko Beck says, “Life always gives us exactly the teacher we need at every moment. This includes every mosquito, every

misfortune, every red light, every traffic jam, every obnoxious supervisor (or employee), every illness, every loss, every moment of joy or depression, every addiction, every piece of garbage, every breath. Every moment is the guru.”

5. Cultivate Active Curiosity

When grounded in present-moment awareness, you have access to active curiosity. In this state, you can choose to be interested and nurture a meaningful relationship with your questions. Discover how questions can be far more powerful than answers, as they represent the gateway to possibility and transformation. The right questions — whether “why?” or “why not?” — can be revolutionary. Lean into the unknown.

6. Recognize the Interconnectedness of Everything

No one is an island, and just as your life’s journey has been shaped by the experiences and struggles of all your ancestors, your present and future are a product of many interlinked relationships and systems. Connect the dots, learn to see larger patterns, and extend your maps. Discover a sense of awe and enrich your perspective through travel, engaging unfamiliar cultures, and experiencing the richness of nature.

7. Embrace Uncertainty, Complexity, and Ambiguity

When we’re able to befriend the uncertainties, complexities, and ambiguities of life, we’re also able to cultivate resilience and understanding. Notice the temptation — and resist the impulse — to reduce the world to something more familiar and manageable. Seek what Oliver Wendell Holmes called the “simplicity that lies on the other side of complexity” as a means to maturing your whole self.

8. Defer Immediate Gratification

Recognize and resist your default drive towards immediate short-term satisfaction by pausing to consider long-term intentional outcomes (the very basis of awareness and choice). Note when impulsive action, whether motivated by anger, fear, or desire, can lead to regret. Begin with the end in mind and consider how the choice you make in this moment connects to your future.

9. Release Attachments to Specific Outcomes

Practice the simple act of observation without judgment or evaluation. Work with whatever shows up, right or wrong, good or bad. See everything that happens as feedback for growth and a contributor to your future self. Work with the energies of disappointment, failure, and frustration rather than against them. Surrender to win.

10. Dance with the Always-Emerging Future

As the poet Rainer Maria Rilke said, "The future enters into us, in order to transform itself in us, long before it happens." Open yourself to the emerging future and participate in its unfolding. Find your rhythm as you shape and are shaped by the miraculous movement of time.

Rand Stagen

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