



“FOR-BENEFIT” ENTERPRISE

Servant-Thriving-Restorative Leadership and Culture

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Recently, when I was visiting one of my clients on Maui, I read of Anthony Garrett Lisi, a surfer by summer and a snowboarder by winter (in Lake Tahoe). Not unusual for Maui. What fascinated me was that Lisi, who completed his doctorate in theoretical physics from the University of California-San Diego, wants to simplify the thirty-year-old model of how the universe works. He is exploring a new theory which will tie together three of the four fundamental forces of nature. I’ve been reading his online paper entitled “An Exceptionally Simple Theory of Everything.” Although he himself gives his efforts a low probability of succeeding, he continues on. The value of the discovery is too great not to do so.

Unfamiliar with the complexity of theoretical physics, I wonder if there is a parallel with trying to arrive at simple human principles that, when applied, will yield positive returns all the time?

There have been a number of recent results that have captured my attention and my curiosity. Let me pose them to you in the following way:

Imagine if you were aware of principles that would be a 72 percent predictor of individual performance and success;

Imagine that if you awakened certain principles in youthful offenders it would reduce recidivism from 85 percent down to 15 percent;

Imagine if you fostered principles in your company that provided an 80 percent predictor of creating thriving teams and organizational cultures;



Imagine if there were principles that enabled a modern industrial city of 300,000 to do away with gang violence and gun-related crime; Now imagine that underlying these results (and others), are the very same human principles.

BACKGROUND #1: A GIFT OF SERVANT-LEADERSHIP

When I reflect on my career, I am tremendously grateful for the good fortune that has enabled me to work with and learn from some of the finest organizational leaders. One such person was Harry Bubb, Chairman and CEO of Pacific Financial Companies. In retrospect, I have no idea what I was doing there...a “green consultant” getting to meet quarterly with the CEO of a billion dollar organization. Interestingly enough, Harry never made me feel like a “green consultant” as we would talk about the leadership and the organizational dynamics of Pacific Mutual. During one such meeting twenty-eight years ago, Harry gave me a copy of Robert Greenleaf’s *Servant Leadership*. Since that time, I’ve read and reread Greenleaf’s book. I, myself, have given out numerous copies to those who appear interested in servant-leadership. In my eyes, Harry was the epitome of the servant-leader.

A few years after Harry retired, I got to work with Dr. Mary McFarland and the School of Professional Studies at Gonzaga University. Working with Mary and with Dr. Shann Ferch rekindled my interest in the principles of servant-leadership. I was especially inspired by the collaboration between Shann and Larry Spears. Together, they highlighted ten characteristics of the servant-leader. Halfway through this article, I reorganize these behavioral characteristics into categories describing three mindset principles.

BACKGROUND #2: THRIVING-INDIVIDUAL AND ORGANIZATIONAL EFFECTIVENESS

Six years ago, James Hart, CEO of Senn-Delaney Leadership Consulting, became aware of a multiyear collaborative research project conducted by the graduate schools of business at the University of Michigan, the University of Southern California, and the University of California at Irvine.

At that time, Dr. Gretchen Spreitzer, the lead researcher from the University of Michigan, wrote in the September-October 2005 volume of *Organization Science*:

Employees vary in the degree to which they languish or thrive at work. Whereas languishing captures the subjective experience of being stuck, caught in a rut, or failing to make progress (Keyes 2002), thriving



captures the opposite. When people are thriving, they feel progress and momentum, marked both by a sense of learning (greater understanding and knowledge) and a sense of vitality (aliveness).

The conclusions from their rigorous research were corroborated and justified. However, based on his experience, Hart could see that the researchers assumed the presence of a third principle, that of a compelling purpose. He offered to further test the impact and effectiveness of these three principles by extensively surveying Senn-Delaney's substantial Fortune 1000 client base.

The finding that the presence of the three principles are an accurate predictor of individual performance and organizational teamwork was the result of this study. They called these principles the principles of "Thriving."

BACKGROUND #3: CANEI-POSITIVE SOCIETAL IMPACT

Running parallel to the research spearheaded by Hart was an effort launched by Azim Khamisa, an international investment banker. Born out of the tragedy of the murder of his son, Tariq, Azim and his partner, Ples Felix, committed themselves to work with the youth of the world to expose them to an alternative to joining gangs, acting violently, and bullying. Naming it after his son, Azim created the Tariq Khamisa Foundation to be the vehicle that would carry this effort forward.

Drawing on his extensive training as a businessman, Azim decided that measuring the effectiveness of his effort had to be part of the early infrastructure of his foundation. He called upon statisticians from UC San Diego to set up the necessary metrics, and for the past decade they've been measuring the long-term effects of the program offering from the Tariq Khamisa Foundation. During this time, their message has been brought to 400,000 school-age kids per year. Their CANEI program works with youthful offenders and is based on the same principles identified by the Thriving researchers.

CHOICE: THE STARTING POINT

The starting point of the journey is recognizing that everyone has the power of choice and accountability. How we exercise that power will determine the nature and quality of our lives. Do we live our lives blaming others or the situation for our lot in life or, as difficult as it may be, do we respond to life's events accepting accountability for the eventual outcome? This is 50 percent of the journey.



The question then becomes, How can we make the best choices available to us in the moment? The answer lies in the three principles of Thriving as identified by the university researchers, by the CANEI practitioners, and by a host of other professors, theologians, and philosophers.

The Three Principles

The three principles are:

Purpose Mindset (Thriving): Discovering for oneself and living a meaningful and contributing life. The Purpose Mindset recognizes that there is a higher order of internal motivation. This motivation is captured in activities and a direction that provide deeper meaning to our lives. It is the contribution that we make to the greater good or, at least, to another person. It is our way of partnering with our community and the people with whom we work. It is our *raison d'être*...our reason for existence. When realized and awakened, our purpose provides inspired action. Often time, because of its long-term focus, purpose gives us courage, if not faith, in the moment. The CANEI program calls this operating at the spiritual or “soulular” level.

Vitality Mindset (Thriving): We all display varying degrees of “aliveness” at any moment in time. Although a part of it, in this context, vitality is more than high energy or good moods. It is manifested in a personal power that embodies resilience to life’s greatest challenges and the capacity to regain ones bearings and to continually move forward to greater peacefulness, acceptance, and consciousness. There is a respect and reverence for autonomous interdependence. Everyone has a voice and everyone has the capacity for trustworthy action. In this principle, the CANEI program embraces the tenets of Restorative Justice and the ability to forgive, atone, and redeem.

Note: When appropriate, Restorative Justice is an accepted and worthy alternative to our more widely held system of retributive justice. It is based on restoring the victims to wholeness, having the perpetrators atone and redeem themselves, and having the communities embrace both victims and perpetrators as contributing members.

Growth Mindset (Thriving): We all have an innate capacity to reflect, discover, grow, and improve ourselves and our situation. This principle is



manifested in our ongoing motive to make things better and in our insatiable love of discovery and change. Adaptability and innovation are hallmarks of the growth mindset. We hold how we define ourselves (ego) lightly on our fingertips and are open to reinventing ourselves at any given moment in time. We are undeterred by our moments of self-consciousness, display a freedom of movement and learn from every experience (positive or not). We acknowledge the difference between learning, growth, and mindset yet see the interconnection between all three. Our journey is discovering and following our innate sense of conscience and our desire to positively contribute. The CANEI program emphasizes and develops one's commitment to literacy.

What I find fascinating is that the ten characteristics of the servant-leader fall perfectly within the above principles of Thriving. These characteristics were articulated by Robert Greenleaf thirty-five years ago and punctuated by Larry Spears about a decade ago. These characteristics and traits contribute to the behavioral description of the Purpose Mindset, the Vitality Mindset and the Growth Mindset:

Purpose

Conceptualization...“dream great dreams”

Foresight...understand the lessons from the past, the realities of the present,
and the consequences of a decision for the future

Stewardship...holding something in trust for another

Building community

Vitality

Empathize...understand and accept people's unique spirit

Heal...oneself and others

Rely on persuasion rather than authority...convince rather than coerce

Growth

Listening and reflection...identify and clarify the will of the group

Fostering self-awareness

Committing to the personal, professional, and spiritual growth of self and others



We've noticed that at any given moment in time any one of these principles can be in the forefront of the others. We do not access these principles in a linear fashion. However, when all three principles are simultaneously active in our psyche and our soul, we consider ourselves to be in our "sweet spot" of living and performing.

These mindsets are innate and can only be noticed. Every one of us already possesses these capacities. It is not something we've learned as much as it is our quality that we've awakened and nurtured. We cannot be so arrogant as to assume that it is up to us to TEACH these principles or to say that there is only one accepted way of manifesting them. At our best, we can only AWAKEN, FREE, EMPOWER, and ENABLE these principles.

In many ways, this realization frees our journey. In some people, these principles lie at their very surface. These principles personally resonate with them. They've lived their lives through these ideals. As such, they appear to be the early embracers of these principles but, in truth, they've already been interacting with life this way.

Although we cannot teach anyone these principles, one thing that we can do is to assist others to identify the things that tend to get in the way of these principles manifesting themselves. As partners on this journey, we can empathically and respectfully assist in unfreezing ourselves from these obstacles. As we proceed to weaken or eliminate these limitations, we find these principles coming into bloom in ourselves. This becomes our "default" state of being.

As examples of overcoming our obstacles, choosing to forgive is crucial to vitality. Committing oneself to live a life of meaning and greater contribution is the foundation of purpose. Detaching our ego from our accomplishments or from the events in our lives enables us to freely discover, grow, and improve.

In many ways, over the course of our lives, we've learned these obstacles. We've learned how to hold a grudge or, when hurt or wronged, that revenge and retribution are the only way to proceed. We've learned that the practical and objectively measurable goal is the only goal worth pursuing. How much you have in your bank account is the measure of your success. Or we've learned that certainty in what you know and how you define yourself is the most effective way to grow and adapt.

However, if we've learned these traits, we can also learn how to forgive. We can learn how to detach our egos from our achievements. We can learn how to be open to meaning and contribution.



For instance, if we choose not to forgive, we bring the anger, fear, or grief we felt at one moment in time into every successive future moment. Without forgiveness, we rob ourselves from fully experiencing the vitality that is available to us. Think about those people who hold grudges or resentments. The result is often a decreasing level of trust and eventually seeing others as flawed, selfish, or untrustworthy. As one of my clients mentioned, forgiveness is like the Delete key on your computer. Without it, every mistake or injustice gets carried forward with every document. Pretty soon, you don't have any space to create or produce.

Similarly, think about your ability to detach your ego from your outcomes. If you find yourself tying your self-worth or personal value to your wins and losses or your successes and failures, over time, you will put tremendous effort into looking successful and tremendous effort into avoiding failure. You will curtail your capacity to innovate or to take risks. We start to look for guarantees around everything that we do. Our capacity to unconditionally learn and grow from every event diminishes. It is those people who do not tie their worthiness to their achievements or failures who seem to consistently display humility, courage, and creativity.

The third dimension of meaning and contribution is one of the most studied and documented elements of the sustainable high-performance organization. It is a crucial dimension in every successful organization, be it business, religion, the military, philanthropy, art, or government. It starts with employees or members who are personally motivated by living a meaningful life. They then share this meaningfulness and contribution with a close few others. When this phenomenon involves the entire enterprise, the organization displays an amazing synergy, commitment, and alignment. Most recently, Douglas A. Ready and Emily Truelove refer to this organizational trait as the “*collective ambition*—a summary of how leaders and employees think about why they exist, what they hope to accomplish, how they will collaborate to achieve their ambition, and how their brand promise aligns with their core values. [These companies'] employees collaborate to shape a *collective ambition* that supersedes individual goals and takes into account the key elements required to achieve and sustain excellence.”

Truly embodying these traits is not a simple thing to embrace. Forgiveness and fresh starts, unattachment of ego and truth seeking, and allowing one's higher purpose to be one's source of direction and attraction are grand sentiments worthy of the effort. We are attracted to those who have made this decision. It is their choice.



It's not as simple as this, but for many people the journey begins with acknowledging that one has the power of choice. They may not choose what happens to them but they choose how they respond to life's events.

If a person chooses to forgive or to ask for forgiveness, no one can talk them out of their choice. Similarly if a person chooses not to forgive or to ignore the need to be forgiven, no one can convince them otherwise. Regardless, their choice puts them on their journey to fulfill that choice.

We realize that not everyone will resonate with nor try to live their lives through the principles of Thriving or through the principles of Restorative Justice. However, we believe that more people try to live their lives through these principles than are apparent in many companies. If the organization's culture does not promote or nurture these principles, these individuals will live these principles outside of the organization...in their homes, in the community, or in other organizations where it is safe and supportive to declare their value-set.

THE FOURTH SECTOR

As we further explored these principles, we noticed that an interesting phenomenon started to emerge. During our follow-up sessions with our clients with whom we had not initially discussed the principles of Thriving, when we brought up these principles in conversation, more than half of our clients were interested in exploring the principles of Thriving. Not only did these principles resonate with the CEOs and key executives of these organizations, they could see how the implementation of these principles would both contribute to their companies' effectiveness and support the sustainability of their firms into the future.

For many, being able to articulate and develop the inherent purpose of the company was an inspiring boon to their identity and an admirable commitment to how they delivered their service to their constituencies. It was a powerful idea that formed the foundation for their unity and alignment. It pulled them into the future.

In addition, many of these executives realized that they spent much of their time and energy as change agents. They realized that when it came to implementing change, that compliance and mandate only went so far. The attractive ideal was creating a growth mindset culture where their people developed their openness to change as well as their willingness to innovate and constantly improve.



Finally, some saw the direct correlation between the conservative and guarded relationships among people and age-old conflicts that existed between long-time employees. As one person mentioned, “The corporate memory here goes on forever.” A clear desire was to be able to create unity and alignment out of conflict or disagreement. Where the separation between people came about years ago, forgiveness and restoration needed to become a cultural norm.

Even within these firms, as we implemented the Thriving process, we started to run into long-held traditional beliefs as to the mission of business. For some of these managers the mission was clear: to make as much money as legally possible and to maximize profits. For a few, the idea that the organization could or should have a noble purpose was foreign to them. However, for many others, the journey of how and where their personal purpose was symbiotically linked to the company’s purpose was an inspiring discovery.

When it came to the innate mindset of vitality, some managers held onto the belief that most people would try to get as much for themselves and do as little in return as possible. People needed to be watched. In this scenario, control, specific responsibilities, close monitoring, and correction were tremendously important. Anything that dealt with the attitude, culture, or motivation of people was viewed as a “soft” dimension. Learning to see and awaken the dignity and good intentions in others was only the first step. For some, the larger leap was being able to act and think through this confidence in the trustworthiness of other people.

And for others, there was a belief that allowing people to be too creative would only lead to delayed decision making, confusion, and wheel spinning. To them, information was “power” and was to be shared judiciously. The effectiveness and value of mentoring and coaching were questionable if not marginal at best. Not to make mistakes was more valued than achieving great goals. It was only after further explorations in the growth mindset that people started to openly discuss crucial issues. It was more important to progressively and innovatively move forward than it was to place blame or craft watertight excuses.

It appears that the full realization of these principles has begun to manifest itself by senior leaders being willing to question the century-old paradigms behind how we work and live together. These leaders place tremendous value on the cultural dimensions embodied by the principles of Thriving. They can see the synergistic as well as symbiotic relationship between the fiduciary, governance, leadership, and cultural elements of their organization.



Equal confirmation that we are pointed in the right direction can be found in the fact that many state governments are recognizing the need to create a supportive platform for the establishment of this new type of organization. In October 2011, Governor Jerry Brown of California signed into law the state-recognized governance structure for what's called the "flexible purpose corporation."

Until recently, the three accepted organizational sectors have been for-profit, not-for-profit, and government. Pity the poor socially minded entrepreneur who has to shoehorn his/her vision into one existing structure or the other and accept burdensome tradeoffs in the process. As evidenced by California's decision, there is a fourth organizational category developing in a number of states. These enterprises go under the title of the "for-benefit" organization, the L3C corporation, the "B" corporation, "social businesses," the "Sustainable Business Corporation," or the Fourth Sector. (In fact, in the UK, the "for-benefit" enterprise is called the "community interest company.") These states have passed specific governance regulations that recognize this "new" form of organization. As momentum builds, there is a fourth sector of the economy, interacting with but separate from governments, non-profits, and for-profit businesses.

The "for-benefit" enterprise operates like a traditional business in many ways, but is founded primarily to provide social benefits rather than to maximize financial returns. As described by Daniel Pink in his book *Drive*, "Fundamentally, these businesses operate like a for-profit business generating at least modest profits, but their primary aim is to offer significant social benefit." Traditional businesses are profit-maximizers whereas the "for-benefit" businesses are *purpose-maximizers*, organizations dedicated as much to significance and fulfillment as they are to profitable performance.

AS WRITTEN BY HEERA SABETI FOR THE *HARVARD BUSINESS REVIEW*:

Combining social and commercial ends is not new—think of hospitals, universities, arts organizations, Goodwill. But the "for-benefit" model does much more than that. It redefines fiduciary duty, governance, ownership, and stakeholder relationships in fundamental ways.... "For-benefits" can't replace the other three sectors of the economy; but they can fill the gaps.

We would hasten to add that this category of enterprise is not limited to specific industries but appears to be determined by the purpose, vitality, and growth of its leaders. In our short five-year experience with the



principles of Thriving, we have worked with insurance companies, utilities, pharmaceutical companies, and retailers as well as hospitals and universities that authentically resonate with the principles of the “for-benefit” enterprise. They have all displayed the capacity to Thrive and prosper as well as contribute to their communities, their constituents, and their industries.

It appears as though we’ve come full circle. The principles of Thriving and Restorative Practice echo the words of Robert Greenleaf. Not only that, but the Servant Institutions that he envisioned would manifest these principles are only recently being formally recognized. Greenleaf writes:

The formal and informal structures combine to give an institution its organizational strength. However, there is a paradox in this relationship.... It is important to realize that order and consistency are both necessary and inhibitive. For optimal performance, a large institution needs *administration* for order and consistency, and *leadership* so as to mitigate the effects of administration on initiative and creativity and to build team effort to give these qualities extraordinary encouragement. The result, then, is a tension between order and consistency on the one hand and initiative and creativity and team effort on the other. The problem is to keep this tension at a healthy level that has an optimizing effect. How well this is done depends on the abilities and quality of ideas of those who oversee; it depends on how these resources are organized.

CONCLUSION

As the “for-benefit” corporation gains popularity and, dare I say, notoriety, the principles of servant-leadership and Thriving become even more crucial for overall success and fulfillment. These principles can not only contribute greatly to the three existing enterprise sectors, but they become critically necessary for the “for-benefit” enterprise to deliver fully on its mission.

The convergence of insight, inspiration, and ideals has brought us to this point in organizational evolution. We have a growing societal awareness that we need governance and infrastructure to develop, nurture, and further the tenets of the “for-benefit” organization. We’ve identified the Thriving mindset principles necessary to align our decisions and behaviors to our intentions. We now need to find and support those leaders and entrepreneurs who are inspired to walk down this path. Because these principles are innate, they will resonate with present-day organizations and their constituents as well as with enterprises yet to come.



If a better society is to be built, one that is more just and more loving, one that provides greater creative opportunity for its people, then the most open course is to *raise both the capacity to serve and the very performance as servant* of existing major institutions by new regenerative forces operating within them.

—Robert K. Greenleaf

ABOUT THE AUTHORS

James Hart, as president and CEO of Senn-Delaney, has helped the company become widely recognized as the leading international authority and practitioner working with clients to create thriving cultures, improved performance, and enhanced spirit within their organizations. He has led engagements around the world in a variety of industries. In 1980, James founded a leading business software publishing firm and led its growth for ten years, twice earning positions on *Inc. Magazine's* 500. After the sale of the software firm James joined Western National Group, California's largest multifamily real estate development as president. He led the company's growth from the sixty-fifth largest to the twenty-eighth largest firm in the country with a 35 percent growth in revenues and profits. James currently lives in Corona del Mar, California, with his wife, two daughters, and stepson. James enjoys tennis, travel, golf, scuba diving, and the cultural offerings of Southern California.

Paul Nakai is the founding partner and principal of Leadership Spirit International, with offices in San Francisco. Leadership Spirit International is a consulting group specializing in developing and deepening the leadership capacity of executives, in team building and optimizing performance-based relationships, and in shaping organizational culture to more effectively meet organizational objectives. Paul was formerly a managing partner and executive vice president with Senn-Delaney Leadership Consulting Group, where he specialized in executive coaching and leadership development to support and lead intense business challenges such as mergers and acquisitions, shifting corporate cultures, leadership shortages, downturns or upswings in business, and debilitating internal strife. Paul has consulted and led major engagements in healthcare, insurance, financial services, manufacturing, energy, high technology, aerospace, pharmaceuticals, and telecommunications, including crucial engagements at Three Mile Island Nuclear plant and for NASA in response to critical challenges. Through Leadership Spirit International, he is dedicated to servant-leadership in order to assist executives in unleashing the spirit behind their personal leadership as well as unleashing the collective spirit of their organizations.