

From the President...

Rinaldo S. Brutoco

The immortal words of poet/balladeer Bob Dylan, "the times they are a-changing," which catalyzed the 60's generation into social rebellion have become so prosaic as to be held as a point of common consensus amongst all levels of global society. Many still debate the *rate* of change, but none dispute that change is the central hallmark of the time we live in.

A Cold War which has consumed planetary resources for four generations is apparently drawing to a close. So too is the neocolonialist period during which the North-South dichotomy of rich and poor nations was fostered. Mainland China is entering as a full member of the world community and Yasir Arafat has delivered the consent of the Palestinian

Venice Revisited

"You never step twice in the same stream."
—Heraclitus

Liberation Front to the rule of law in the Middle East. In geopolitical terms, peace is "breaking out" all over. What is more fascinating is that these most encouraging events are really the *effect* of some larger cause.

It is clear that the fundamental *zeit-geist* of the human species is achieving a new plateau. The truly fundamental change to which this article is directed is more basic than, for example the "shot-gun wedding" between North and South which mandates a solution to the international debt crisis — a "bomb" which must and will be defused in order to preserve the economies of both developing and developed countries.

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World Business Academy Perspectives

Vol. 3, No. 1

January 1989

The Business of Business is Learning

Excerpted from a paper by the same name with permission of the author.

Harrison Owen

There was a time when the prime business of business was to make a profit and a product. Present and emerging events have radically altered the conditions under which business will be done. The time available for adaptation is diminishing on the same exponential curve which describes the advance of technology. Profit and product are still important, but without continuing learning, they will no longer be possible. Under the circumstances, the business of business must be learning — all else will follow.

THE STAGE IS SET

January 1st, 1992 will create a new business reality. With the creation of the European Market, trade barriers will fall, and a new market place will be inaugurated. The nature and impact of this radical adjustment is waiting to be made clear. Not that everything will pass away, but the context will be

different—the issues and opportunities will come in different packages. For businesses in Europe, the old balkanized relationships will be replaced. What comes next has never been known, and in a very real sense cannot be dealt with in advance.

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Of Paradigms and Metaphors

Willis Harman

Sociologists have observed that the most fundamental characteristic of a society is its root metaphor for the universe being experienced. Modern society is very different from medieval society because its basic "picture of reality" is different. Medieval society's underlying image was that the universe is a *great organism*, imbued with spirit and meaning, with everything related to everything else. When the scientific revolution shifted that picture to a root metaphor of the universe as a *great machine*—with parts acting upon parts in accordance with dependable, discoverable scientific laws—everything about the society and its institutions changed.

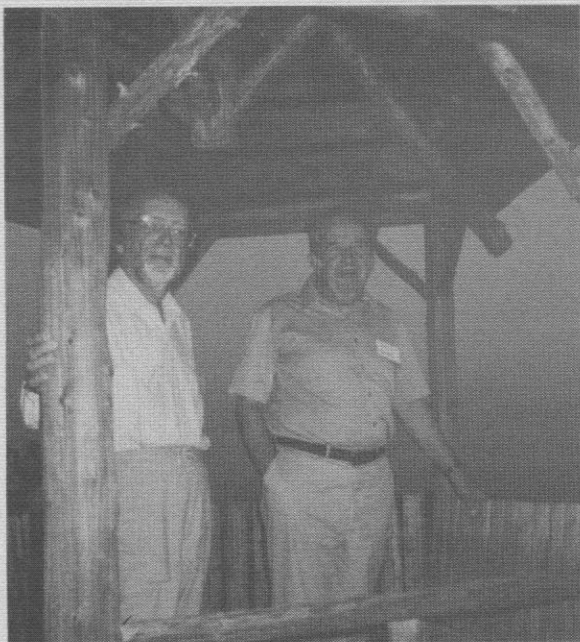
Now we appear to be undergoing another such "paradigm change." Again the old underlying metaphor—that of the *great machine*—is being challenged. The replacement—actually spotted a half century ago by the British astrophysicist Sir James Jeans—is probably the universe as a *great thought*.

At first glance this seems a preposterous idea. Nobel laureate biologist George Wald recently described how, towards the end of his life as a scientist, he had come to a startling conclusion: "A few years ago it occurred to me that...I had always

thought of consciousness, or mind, as something that required a particularly complex central nervous system and was present only in the highest organisms. The thought now was that mind had been there all the time, and the reason this is a life-breeding universe is that the pervasive, constant presence of mind had guided the universe that way...Our growing scientific knowledge...points unmistakably to the idea of a pervasive mind intertwined with and inseparable from the material universe. This thought may sound pretty crazy, but such thinking is not only millennia old in the Eastern philosophies but arose again and again among the monumental generation of physicists (Eddington, Schrödinger, and Pauli among others) in the first half of this century."

If indeed such a change is taking place, the world of the 21st century will be as different from "modern" times as those are from the Middle Ages—not just in technologies and scientific advances, but in the very form and meaning of social structures and agreed-upon norms.

Wald, George, "Cosmology of Life and Mind." *Los Alamos Science* no. 16, 1988. Los Alamos National Laboratory, New Mexico.



Above: Mario Kamenetzky (Virginia) and Willis Harman enjoy the view from one of Mohonk's many gazebos.

Right: Tiburon, California retreat (left to right) Jadish Parikh (Bombay, India), Maria Raquel Santilli and Luiz Villares (São Paulo, Brazil).

Fall Retreats



Above: Bob Colodzin (New York, one of WBA's founders) and Marguerite Chandler (New Jersey), organizer and facilitator for Mohonk retreat.



Exploring the Characteristics of the "New Paradigm"

"par•a•digm/'par-a-dim 1: EXAMPLE, PATTERN: *esp*: an outstandingly clear or typical example or archetype" Webster

The word paradigm raises resistance in many of us for two primary reasons. First, it is becoming "trendy" and applied too broadly. Second, and more importantly, it raises resistance because there is an implication that "The New Paradigm" is something which is static and can be defined. If we use the word paradigm to suggest a pattern of believing, thinking and acting that incorporates a particular picture of reality, we can see that if a paradigm shifts, i.e. the picture of reality shifts, then everything else must change.

The ACADEMY has held regular dialogues on the implications of what many perceive as an emerging "paradigm shift" as it applies to business. The quotations that follow have been excerpted from those explorations.

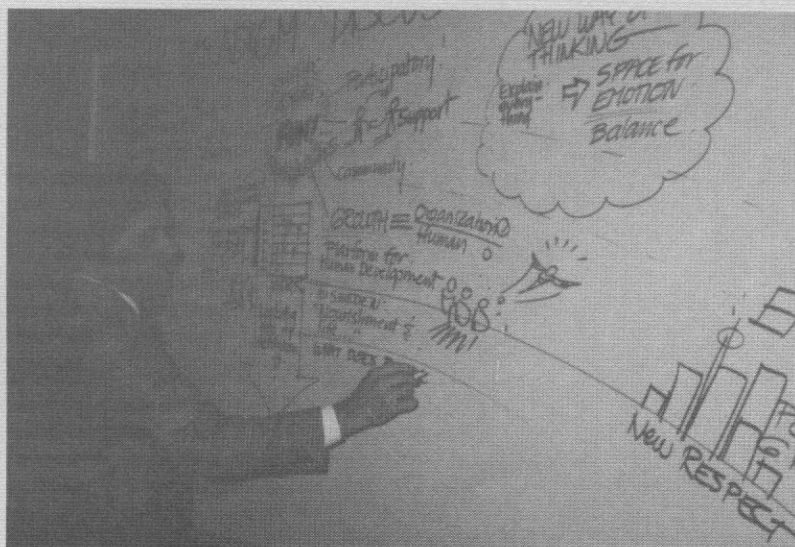
"It is impossible to describe how the new business organization will look or exactly what values it will represent because it is evolving and evolution cannot be predicted or stopped to have its picture taken as a fixed model. It is possible, however, to witness some of the early signs of this evolutionary shift and describe what can be seen and what can be predicted based on this changing 'texture'."

"We continue to accumulate more evidence that the emerging role of business is to see itself as a place for the incubation of the human spirit, where, if you do it well, profits are a natural outcome."

"I think there is nothing like old or new paradigm. It is just a question of how you approach life and its purpose. And if your purpose in life is to have a 'rich' life, then business or economic activity is just one of the activities... I find more and more discomfort when I use the word new paradigm because it almost becomes an ideology. It is a little too structured, an either/or kind of thing."

"Business is not an island separate from all the rest of society, so you cannot ask the question 'What is the new paradigm in business?' without asking what is happening in the society as a whole. The values that are in the surrounding culture impinge on business from the outside and, maybe even more importantly, they re-shape it from the inside."

"As we search for a way to define the new paradigm, we can look at our art forms as indicators of directions... For example, consider the difference between classical music and jazz. In classical music, even if you play a little cymbal in a two hour symphony you know exactly where you are supposed to make that sound. You know what comes before and what comes after. Whereas a jazz musician does not necessarily need to know where he is going, he has to try to be in tune with the experience."



Left: David Sibbet recorded our November meeting with his own special graphics.

Models of Success

I. PROMON

WBA Member Tamas Makray is Chairman of the Board of Promon Tecnologia S.A., a 4000 employee consulting engineering firm in São Paulo, Brazil. One of the most interesting things about Promon Tecnologia is that Tamas and other officers are elected by the employees who own the company. We are pleased to share their Charter and Guiding Concept.

Campos do Jordão Charter

December 1970

1. Promon is a professional organization engaged in technical and consultancy services in the fields of engineering and architecture. It performs studies and research, and conducts scientific and technological development activities.
2. Promon's permanent objective is to provide its clients with services of a high technical standard, with strict observance of the principles of professional ethics.
3. Promon is the expression of the merit of its professionals; it is the result of the cooperative efforts of individuals with related vocations with the purpose of creating conditions for their professional and personal fulfillment.
4. Professional and personal fulfillment will be assured through:
 - stimulating creativity and respecting the dignity of the individual;
 - providing opportunities for the development and advancement of all, according to the qualifications and merit of each;
 - membership in a cohesive, stable working community;
 - fair compensation.
5. Participation in the community implies the willingness to waive individual interests for the sake of the group.
6. Individual participation in the management of the company is to be encouraged. The search for consensus shall always be present in the decision-making process and in the exercise of authority.
7. All Promon's professionals, and they alone, shall have access to ownership of the company's equity capital. As an independent organization, Promon shall enter into no commitments that might detract from its impartiality in the examination of technical and economic matters with which it is entrusted.
8. While constituting an indispensable prerequisite for the stability and development of the company, profit is nevertheless not one of its basic objectives. It is, rather, a means for the achievement of its ends.

Guiding Concept: Quest for Excellence

When we think of excellence, we think of quality. Excellence goes beyond quality and sets limits to it—an excess of quality is not excellent because it lacks value. Excellence is a more comprehensive concept, which includes the technical quality of our work, but also the quality of our people and of their life in the organization. It implies high technical standards, but also high ethical and aesthetic standards.

It requires that we maintain high level relations with our clients, associates and suppliers and among ourselves.

It means professionalism in the way we manage our employees and our resources.

It demands that we make our company and better company and that we contribute to the societies where we live.

Excellence is a moving target. If we ever think we have attained it that will be the moment when it will have been lost. Actually, rather than speaking of excellence we should talk about search, quest, or pursuit. What this means is that we have to work for it, or better yet, to be alert and responsive at all times. This pursuit is an attitude, a state of mind. Fortunately it is contagious and self-reinforcing, so it is a matter of getting started.

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THE WORLD BUSINESS ACADEMY
is interested in
knowing of other business people
or companies who are
Models of Success.
Please send ideas
with contact information
to the editor at the address
on page 8.

II. NORDSTROM

Nordstrom is the retailing miracle story of the '80's. The Seattle based regional high-quality department store is well known for its high growth rate and consistent profitability. What is less well known is that Nordstrom considers the basis of this success to be its very personal and real commitment to its employees and customers. Nordstrom's service is legendary and based on empowering its employees.

WELCOME TO NORDSTROM

We're glad to have you with our company.

**Our number one goal is to provide
outstanding customer service.**

Set both your personal and professional goals high.
We have great confidence in your ability to achieve them.

Nordstrom Rules:

Rule #1. Use your good judgement in all situations.

There will be no additional rules.

Please feel free to ask your department manager, store manager or division general manager any question any time.

Their policy manual is quoted above in its entirety.
Reprinted from *At America's Service* by Karl Albrecht.

III. THE BODY SHOP

Another interesting model of success is The Body Shop, a company specializing in natural skin and hair care preparations. Anita and Gordon Roddick started the company in 1976 in Littlehampton, West Sussex, UK. Their company spans the world, employing 3,000 people. They trade in 33 countries and 13 languages. The following quotes by Anita Roddick are taken from company literature and from a talk given at Findhorn in October 1987.

"In the 12 years that I've been running a so-called successful business...I have learnt that profit is the lubricant that makes things happen in the marketplace, creates more jobs and is a legitimate agent for social change."

"People are not merely an asset, they are the company, and people rather than things will be the focus of business in the future: it will be individuals who herald change in the business world."

"Every time we think we've reached perfection, the goalposts move."

"We have a training school, which is not so much a training school as a centre of education. I'm not interested in training my staff - you can train dogs. I'm interested in developing their human potential, their empowerment as individuals, and their sense of joy."

"Education and knowledge are important and not telling lies is doubly important, so everything about our company, in terms of the products, is in a product information file which the public can see anytime."

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The United States and Canada have embarked on a similar path with the critical date somewhere around January 1989. There are fears and concerns on both sides, but a new and enlarged market of North America will be in existence.

Further to the east, the Pacific Rim nations, headed by Japan Inc., continue in a dynamic path of growth and development. To a remarkable extent, they already dominate the world economy, if not in total value traded, at least in perception.

The emerging new spirit of "perestroika" and "glasnost" coming from the Eastern Block countries is evidence that something quite different is coming into being. And there is one more piece in the emerging global stew: China. Neither Eastern Block nor Pacific Rim, China stands alone. It is almost impossible to imagine the potential impact of a full and intentional Chinese entry onto the global stage.

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The new working relationships will be seen less in terms of their local impact than the total synergistic effect. We are, after all, all residents of the same planet. Thus, if the impact of 1992 appears awesome for the European participants, the effect will be no less awesome for the global community—as common Europe interacts with common North America, and both in turn with the Pacific Rim and the Eastern Block. Throw in the giant question mark of the Peoples' Republic of China, and the stew becomes profoundly rich and unknowable.

NEW RULES

Instead of having 130 plus nation states each defending its boundaries and simultaneously engaged in attempts to breach the boundaries of others to gain a trading advantage, we will have four or five entries all engaged in the same thing. The premise is that while the size of the players may change, the nature of the game will remain very much the same, i.e. the old rules will still be in effect, but the field of play much enlarged.

This premise is a fond hope; understandable but basically flawed. There are many confounding factors which render the hope of unchanged rules both fond and futile. We mention only two: the multinational (global) corporations and the electronic revolution.

Global Business

The multinational corporations have already removed the nation state from its previous role as the only player in the global economic environment. The center of identity no longer lies with the country but with the company which now provides the context of operations.

The difference may only be perception, but perception is often reality. And in the case of the emerging global economic community, how we think about things may be determinative.

While there is no guarantee that the nationalistic chauvinism exhibited by the several nation states may not simply be enlarged to encompass the new economic groupings, the point remains that global economic structures already exist. In effect, the rules have already changed. Still to be determined is the nature and scope of the new rules.

The Electronic Revolution

The electronic revolution adds another dimension to the emerging global environment. Since the advent of workable computers at the close of World War II, we have all had the sneaking suspicion that things would never be the same again.

Should any doubt have remained, the events of October 19th, 1987 stand as a watershed. On one level, the 24 hours surrounding that date enclosed a global financial disaster of previously unimaginable proportions. The U.S. market lost 25% of its assessed value, and other markets registered declines of twice that amount. Yet, the curious thing is that, for all the noise and smoke, very little seems to have happened. Except for stockbrokers and investors playing way out on the margins, most everything else came thorough in good shape. Should we then call October 19th a non-event? In financial terms possibly, but as a global learning experience, it was a mega-buster.

In 24 hours, anybody who had access to the public media witnessed the electronic revolution first hand. As our small planet turned before the sun, one market place after another signed on to the great computer conference in the sky, did its business and retired from the field of battle, but the electronic market place never stopped.

For those invested in the certainty of time and place, the events of the day were shattering. Indeed if one were to boldly ask "where and when was the market?", the inescapable answer is that the market was whenever and wherever anybody wanted it. Given a phone line and a personal computer, access was provided. So where, really is the market? Obviously in the Great Electronic Connection in the sky.

A shocking day for the financial markets of the world. Not only did they take a beating monetarily, even worse, they discovered their own irrelevance. But for the rest of us, the news and the learnings can be useful. All of us will be party to

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a different reality, the electronic connection, in which time and space no longer mean what they used to.

THE BOTTOM LINE

The Business of Business is Learning

The implications for our emerging "SuperMarkets" are profound. Should any one think that the new economic entities were simply expanded versions of the old nation states, playing by the same rules on a larger turf, that hope must quickly be put away. For just as these new markets are contexted and spanned by pre-existing global businesses, so also are they enmeshed and indissolubly linked by the electronic revolution.

We now confront several hard dates upon which the shape and function of the market place will predictably change in totally unpredictable ways. We know it is going to be different, but how different is the question.

Businesses born in calmer days developed a variety of strategies to deal with change, all of which were some variant of the age-old management dictum "make the plan, manage to the plan, and meet the plan". The presumption was that if all three of these bases were covered, success was probably insured, and at the very least, blame was escaped.

Under the old rubrics, planning was something that could be accomplished on a yearly basis. By the same token, education and training (learning) could also be handled on a "once done", or "occasionally done" basis. One simply had to upgrade it now and then. Those days have now definitively gone. Planning must become a continuous process, and learning is no longer good for a lifetime.

In the "old days", there was validity to the thought that planning could operate by the simple formula that past + present = future. One simply took past performance plus present realities (incremented by some reasonable percentage), to arrive at future goals. However, when the world is changing as radically and discontinuously as it seems to be doing, a linear extrapolation from the past, through the present, into the future, is more than likely to bring the business to the point of failure.

Recognizing and/or creating a "difference that makes a difference" (to quote Gregory Bateson, *Steps Towards an Ecology of Mind*) is not only the road to success, it is also the essence of learning. Contrary to conventional wisdom, Bateson proposes that real learning takes place when the *differences* in life are perceived. Stimulated by the *discontinuities*, the mind jumps (is forced) to breakthrough understandings. From these breakthroughs can come new products and modalities of business.

Whatever else we may confront at the moment, it is certain that we face a world rich in difference and discontinuity. Unsettling for sure, but satisfying food for the mind (corporation) that will learn.

No longer can this learning environment be convened on an annual basis. With the advent of the SuperMarkets, planning-as-learning and learning-as-planning must become a constant and continuing phenomenon. Profits and products, essential as they may be, are only possible, on an ongoing basis, when the competitive position of the business is constantly aligned with the emerging world, when differences and discontinuities are seized upon as the leading edge of new opportunity. In a word, the business of business is learning.

Harrison Owen, President
H. H. Owen and Company

Harrison Owen is the author of *SPIRIT:Transformation and Development in Organizations*. He was the convener of the First International Symposium on Organization Transformation. He was originally trained in ancient near eastern studies, primarily concerned with the nature and function of myth, ritual and culture. He created H. H. Owen and Company in 1977 as a base from which to explore the culture of organizations in transformation, with special emphasis on theory, practice and application. Clients have included: Owen/Corning Fiberglass, Shell Netherlands, the French Ministry of Telecommunications (PTT), US West, the Internal Revenue Service, Ikea, the US Army and SAS Airlines.

(Copies of the complete text are available from
THE WORLD BUSINESS ACADEMY for \$2.50
to cover postage and handling)

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The discontinuous change which is occurring at the present time is a total re-orientation of values and perspectives. What we are witnessing is an evolutionary leap into a new dimension of human consciousness. We are entering a dimension of profound self-empowerment and collective choice. The people of this world have chosen to achieve a more humane existence for themselves and their fellow human beings, and this is the underlying *cause* of all the other referenced changes which are occurring.

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Why is business so crucial at this pivotal time? Very simply, it is business' unique role to provide the goods and services society requires for the material well-being of the human species. The human race instinctively knows that its spirit will soar if its basic material well-being is provided for in an honorable and humane fashion.

The arts, science, religion, philosophy and all other aspects of human endeavor erupted in the European Renaissance following upon the heels of a new economic order originated in Venice and disseminated globally. Commerce provided the global perspective of a larger community than the village square. It provided the links of communication and the excess of wealth necessary to sustain free inquiry and learning. It skirted the dogma of politics, religion and conventional limitations. It elected commerce, dialogue and social intercourse as its methodology rather than armed confrontation. It "covered the basics" so the human spirit could soar to new heights.

The WORLD BUSINESS ACADEMY is an international network of business executives and entrepreneurs who recognize a personal commitment to utilize their skills and resources in the creation of a positive future for the planet.

WBA *Perspectives* serves as a forum wherein Academy Members and Fellows may share and compare views on issues. Articles, edited as necessary for space considerations, are presented for discussion and debate. They reflect the views of the author and do not represent a position of the WORLD BUSINESS ACADEMY. WBA *Perspectives* is available by subscription.

Of all institutions in society, business deals best with change. The marketplace teaches as its first lesson to respond to changing conditions or perish. Precisely because change is the central reality of our times, business finds itself again as the key institution which can assist the human species in its transition from the world we have known to the one we will inhabit in the century to come.

Grow or perish has been the rule of business since the last Renaissance. It is only appropriate that the skills we have refined since then can now be brought into service of the human race during this renaissance of the human spirit.

Rinaldo S. Brutoco

Rinaldo S. Brutoco is Chairman of Dorason Corporation, a privately held merchant banking and consulting firm headquartered in Northern California. Together with his wife, Lalla Shanna, he is a co-founder and Proprietor of the Red Rose Gallerie, Inc. a business specializing in products which encourage greater self-awareness. He received a Juris Doctorate from the University of California at Los Angeles where he was admitted to the Order of the Coif. He is a Regent of the Nueva Learning Center and founding President of the WORLD BUSINESS ACADEMY.



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