CONFERENCE SUMMARY

3rd INVITATIONAL CONCLAVE ON CONSCIOUS BUSINESS

Big Sur, California, March 24 - 27, 2013
Executive Summary

In March 2013 a number of CEOs, top executives, and social change-agents met at Esalen Institute to discuss the emergence of a new paradigm in the business world called both conscious capitalism and conscious business. They came from an array of companies including: Whole Foods, the Container Store, Eileen Fisher, TOMS Shoes, Geomagic, prAna, Clif Bar, Trader Joe’s, Joie de Vivre, the Energy Project, Berlin Packaging, Tata Management Training Centre, and the IMC Pan Asian Alliance Group. This spring happens to be a propitious time for this new business paradigm coming fresh upon the recent publication of Conscious Capitalism: Liberating the Heroic Spirit of Business by John Mackey and Raj Sisodia. According to these authors, a more values-based, purpose driven, socially synergistic (win-win), ecologically sensitive, and people-centered—that is, conscious—form of business practice has been taking hold in several new businesses over the past few decades.

Thus, beginning in March 2011 Esalen’s Center for Theory in Research, in partnership with the Conscious Capitalism Institute (CCI), started hosting this annual series of invitational conferences to help cultivate and connect the leadership within this growing movement and cultivate a growing fellowship. Although many of the attendees have come from so-called progressive companies, in recent years even some Fortune 500 companies have begun to notice that the tenets of conscious capitalism are not simply a morally uplifting way of conducting business but actually result in greater profits and productivity. Indeed, many in this conference commented that conscious practices are rapidly going mainstream, particularly among the rising generation of millennials, who already seem to assume that this paradigm is the norm not the exception. They are readily buying clothes made with organic fabrics and anti-sweat shop labels, and they love to post YouTube spots about TOMS Shoes, thus providing free advertising for TOMS’s one-for-one policy that sends a pair of shoes to children in need every time a pair is purchased at a regular price.

Because the Esalen Institute has often served as a venue where diverse constituents, such as scientists, spiritual practitioners, and thought-leaders, can come together in creative new ways, this conference also included representatives from the Institute for Cultural Evolution, the Pachamama Alliance, the Consciousness Collaborative (in India), and the spiritual teacher Byron Katie (founder of The Work), who creatively intermixed with the business leaders and contributed fresh perspectives to the overall conversation. The following summary captures the main themes discussed during the conference and highlights some of the insights the participants shared with one another on how free market entrepreneurship can flourish in a new way that is simultaneously spiritual, feminine, ecological, value-generating, and, yes, profitable.
Spiritual Wisdom for Conscious Leaders in the Workplace

On Monday morning the spiritual teacher Byron Katie facilitated the participants in a consciousness-raising exercise. If capitalism and business are to be more conscious, then daily or weekly practices that foster greater self-awareness in business leaders and team-awareness in the workplace are essential. As the process unfolded in the room, a few core themes emerged:

First, our thoughts and beliefs create our perception of others and the outer world, and our emotional responses naturally follow. To foster higher consciousness in business and the workplace, leaders need to model and encourage greater awareness of the ways that thoughts, beliefs, and emotional patterns shape outcomes. We can choose and co-create better outcomes only through the first step of greater self-awareness. A conscious business leader deliberately chooses the thoughts and beliefs that will result in effective outcomes.

Second, becoming a more conscious business leader involves living in-the-moment with less mental projection into a still-evolving future and less clinging neurotically to the past, which can often lead to the recycling of old emotions and mental scripts.

Third, conscious business leaders are not perfect; they are aware they have egos. This self-awareness enables them to be less driven from below by unconscious ego-drives (for greed, power, status, and domination, for example). The conscious leader does not need to be pure saint. Instead, he or she is simply more aware of how to unplug from potentially destructive drives and lower-level motivations.

Fourth, conscious business leaders embody the spiritual truth that there is no "other" because from the ultimate perspective there is only unity. To move beyond obstacles toward business success, the conscious business leader incorporates the "other" (as customers, employees, suppliers, business competitors, and governmental regulators) as an aspect of oneself. This kind of attitude or approach is already implied in the shared fate, or stakeholder, model of conscious capitalism (see below).

Fifth, many of today's conscious business leaders are integrating timeless spiritual and psychological wisdom into their business practices and overall vision for the workplace. The old dualism between the pure saint and the greedy capitalist is being transcended and replaced with the paradigm of the integral entrepreneur who is motivated by spiritual values as well as by old-fashioned business imperatives.

Spreading the Vision of Conscious Capitalism

Though they are still engaged in their inaugural book tour for Conscious Capitalism, John Mackey and Raj Sisodia took pause to participate in this Esalen conference where they shared their latest insights concerning the spread of this new business paradigm. Mackey started by citing some historical vignettes and statistics to support his conviction that modern capitalism has correlated with
measurable progress for many people—less poverty, greater choice, and increased literacy, for example. Because the reputation of capitalism has been sullied in recent years by Wall Street’s excesses and the Enrons of the world, Mackey sees his role to a great extent as simply restoring capitalism to its original vision and purpose. He maintains that, when practiced with conscious intentions, business is still the greatest value-creator in the world. The four tenets of conscious capitalism are:

**THE FOUR TENETS OF CONSCIOUS CAPITALISM**

According to the first tenet, conscious companies are driven by higher and more meaningful goals than simply making a fortune. Profit should not be the purpose; it is the outcome of a purposeful business well-enacted.

The second tenet concerns how these companies envision and achieve synergistic (or win-win) solutions by proactively reaching out to all stakeholders when making key business decisions. A conscious company reaches out in a collaborative spirit to employees, customers, suppliers, local regulators, and affected communities. This approach reduces fear and competition, raises goodwill, and generates positive feedback loops.

The third tenet is conscious leadership. CEOs and top executives who are motivated by conscious values and embody conscious lifestyle choices are more likely to inspire and motivate their employees to do likewise. Mackey believes that without conscious leadership, this entire approach to business just can never get off the ground.

The fourth tenet of conscious culture has been inspired by the work of centers like Esalen Institute, which have promoted the concept of human potential for decades. Conscious companies foster the innate potential of their employees, not simply because it makes them more productive but because it enables them to lead more fulfilling lives as well. These four tenets are the basis of the new vision, and as the arrows in the diagram indicate, they reinforce one another in continuous and generative manner as conscious companies grow and change.
When a company is driven by the tenets of Conscious Capitalism, investors need not sacrifice high returns. On the contrary, Sisodia’s research has shown that such companies have consistently outperformed others. In his previous book, Firms of Endearment, Sisodia identified 28 companies as conscious, based on a series of characteristics (higher purpose, stakeholder orientation, investment in the community, impact on the environment). Of those 28, the 18 that are publicly traded outperformed the S&P 500 index by a factor of 10.5 between 1996 and 2011.

Mackey and Sisodia added that the dominant narrative about business is not keeping up with the rapid pace of cultural evolution. Society’s values, morals, and lifestyle choices keep moving forward, which means that unconscious businesses will soon be left behind. From this perspective, conscious capitalism is spreading a new ethical vision in the business world that is actually more attuned to where society is moving.

Mackey and Sisodia noted still a few more features of conscious capitalism: First, because customers become so enthusiastic about conscious companies, those customers then become the best marketing campaign one could ever want. This saves conscious companies millions of dollars in unnecessary advertising costs. Second, because conscious companies are more ethical, they often have low to negligible legal costs. Third, because workers at conscious companies are more happy and loyal, there is also very little churn in the ranks of employees, and therefore little need for expenditure on training new recruits.

On an optimistic note, Mackey said that conscious capitalism is beginning to penetrate the traditional business paradigm. The preeminent spokesman of the Fortune 500, Jack Welch, recently invited Mackey to speak at the Global 100 conference. Others at the conference noted that sprawling companies like WalMart are now being forced toward the conscious paradigm simply by the demands of their consumers.

Lastly, Mackey and Sisodia pointed out that the younger generation is readily adopting the tenets of conscious capitalism. The so-called millennials may be the group that finally carries this paradigm fully into the mainstream. Could it be that Fortune 500 companies that do not adopt these tenets become like dinosaurs—too cumbersome and clunky and too maladaptive to survive in the changed ecosystem of the near future?

Successful Feminine Leadership at Eileen Fisher

This conference featured a number of comments about how the new paradigm of conscious business reflects the broader historical trend toward the emergence of feminine values, which are now balancing out the predominantly masculine values of the last several centuries. As society shifts and more women become workplace leaders, this trend is becoming all the more noticeable. One example is the clothing retailer Eileen Fisher, which has been run according to most, if not all, of the four tenets described by Mackey and Sisodia. Fisher herself attended this conference series for the
first time in 2013, and she shared some of her personal background, creative insights, and best practices with the other participants.

Fisher started by describing some of her personal journey toward greater consciousness over the course of her life. Though this quest has been particularly meaningful to her, it has not been compartmentalized from the way she runs her business. Instead, she shared that her company features a wellness benefit package that enables each employee to get massages or other health-promoting treatments. At first, Fisher thought she would just be encouraging the growth of her employees, but it turned out that this had other unanticipated benefits. Her employees started to rave about their benefit package to their customers when in casual conversation on the sales floor. In response, customers started to feel that Eileen Fisher was a conscious and caring company, which motivated them to keep coming back to buy more clothes.

As her company grew from a small family-like business of about 30 employees it became more challenging to keep lines of communication open. Even though Fisher had written out her company philosophy as a series of principles (engage people, speak openly and honestly, mistakes are the secret to success, etc.), she did not know for sure at first how effectively they were being implemented all the way through the various departments, so she hired someone to find out. A survey revealed that within given work teams, morale, motivation, and engagement were fantastic, but between teams and throughout the company, there was a gap. In response, Fisher deliberately facilitated greater connectivity across the company’s divisions. Increased cross-branch communication has made the overall company more self-aware. And more friendly: company-wide meeting are now abuzz with lively conversation because employees know each other. The overall result has been more creativity and better decisions.

Fisher spoke next about her interest in new models for structuring power relationships that transcend old masculine-styled hierarchies. Her company is not organized along the lines of an ancient Egyptian pyramid made of hierarchically stacked blocks, but according to a solar system model in which there are various orbits of leadership and authority. Although there is still some degree of hierarchy, Fisher sees the company’s guiding image as overlapping and cross-communicating circles. Each leadership team has a personal coach that guides them and keeps them living and working according to conscious principles.

Like most CEOs, Fisher has been interested in how to conduct meetings as efficiently as possible. How can her meetings draw forth the most creative ideas and input without over-taxing her employees’ energy level? In this spirit, Fisher has explored and implemented a number of innovative models of communication at leadership meetings, including: Otto Scharmer’s Presencing, the World Cafe process, Christina Baldwin’s Circle Way, and the Native American talking stick. According to the tribal lore of some Native Americans, when there was a conflict the tribe would gather and pass a talking stick around until the troubling issue was resolved through communication. Fisher said that many of the company’s best ideas come forth through such innovative communication processes.
Fisher has found that when there is more feedback contributing to a top-level decision, the company can have more confidence that its implementation will be effective.

After describing the ways she has implemented conscious business practices, Fisher summarized two payoffs: First, conscious communication has led her employees to feel more connected to the energy and intentions of the company. Second, it has also enabled employees to feel less defensive and stuck in their ideas. Overall, the company has become more fluid and spends less time in polarizing arguments.

Recently, Fisher has held meetings on how to appeal to the up-and-coming generation of millennials. In a sense, this challenge is a perfect test case for her company to continue to practice and embody conscious principles. After all, many think that those principles are exactly what the millennial generation is naturally assumes to be the way a business should be run. In sum, Fisher thinks that the more her company—or any company—can practice new kinds of feminine leadership, the more the fruits will burst forth. Thanks to this kind of leadership the Eileen Fisher brand is currently the best-seller at Bloomingdale’s.

The Story of Ping Fu: The Triumph of Resilience Over Adversity

Early in life Ping Fu was told by her Shanghai Papa, “Bamboo is flexible, bending with the wind but never breaking, capable of adapting to any circumstance. It suggests resilience, meaning that we have the ability to bounce back even from the most difficult times.” Ever since hearing this, Fu has carried this image with her as she has journeyed through the challenging ups and downs of life in China and America.

Fu shared with the conference participants what she has written about in her recently published book, Bend, Not Break: A Life in Two Worlds. Growing up just before and during Mao’s Cultural Revolution of the 1960s and early 70s, Fu opened up about some of the grisly and traumatic experiences that she was able to endure by bending but not breaking. Fu was separated from her family when she was eight because her parents were considered as “black elements” due to their well-educated and well-to-do background. Fu was gang-raped at the age of ten and became a child soldier, a factory worker, a university student, a political prisoner, and eventually an exile to America for her journalistic reports on China’s one-child policy.

As she described her ordeals, she emphasized that she had very loving parents in the first 8 years of her life before the Cultural Revolution radically uprooted her relationship to her family. Those years provided her with a thick and fibrous core of self-esteem (like bamboo) that endured within her despite all of the austerities and depravations she had to suffer. She also attributed her survival to unexpected acts of courage and kindness, like food placed outside her door at nights by a stranger risking life-threatening reprisal by Red Guards, when she and her little sister were at the brink of
starving to death. During the darkest moment, Ping would dream, “If only I could fly, I’d soar like a bird up into the heavens, out of this nightmare, and back home to Shanghai, to my loving mama and siblings and our peaceful home.”

When Fu arrived in the United States at the age of twenty-five, she had $80 in traveler’s checks, spoke only a few phases of English and knew nothing about writing computer software programs. To start her new life in a strange land, without family and friends, she worked as a maid and waitress while learning English and studying software design. After getting a degree in computer science, she earned success in several supercomputing companies and ventures. For example, she initiated and managed the National Center for Supercomputing Application’s Mosaic software project, which eventually led to Netscape and Internet Explorer.

In 1997 Fu was ready to launch her first company, Geomagic, which soon became a leader in innovative software design, particularly for the application of 3D print technologies. It is no exaggeration to say that over the past decade and a half, Geomagic and similar companies have fundamentally changed the way products are designed and manufactured around the world. Thanks to advances in computer design and multi-layer printing techniques, unique prototypes and one-off objects can be fashioned at a fraction of the cost that physical prototypes used to cost. This new technology could revolutionize the entire manufacturing industry, to say nothing of reducing expenses for transport and warehousing if single items can be manufactured at their point of use.

As she shared her story to her peer CEOs, Fu also described how Geomagic’s software has been instrumental in the development of novel prosthetic devices, which are now designed to fit the precise anatomical needs of each client. Formerly, someone with a permanently damaged or genetically deformed knee was resigned to crutches. Now that same person might be seen running in an Olympic race.

One notable area where Geomagic has made a major advance is in orthodontics. Many older people are familiar with metal braces that slowly correct one’s teeth. Today, younger generations may never need braces because computer software can now animate precise micro-movements of teeth. Using 3-D printing, technicians can design a series of near-invisible corrective liners that slide easily onto one’s teeth. The company Align Technology has a product InvisiLine, which implements Geomagic’s software to do just this. The entire process is more cost effective for the orthodontist, and it takes less lime and is easier on the customer’s mouth and facial appearance.

As Fu told her life story, fellow participants at the gathering were viscerally moved and deeply inspired by her courage, resilience, and humanity. She has progressed through her journey in America as a software designer, an innovator, a visionary, an entrepreneur, and a CEO. She was selected by Inc. magazine as the Entrepreneur of the Year in 2005, and since 2010 has been an advisor to President Obama through her service on the board of National Advisory Council on Innovation and Entrepreneurship at the White House.
Fu resonates with conscious capitalism in many ways. She personally experienced the form of political and economic freedom that underlies capitalism that has provided the opportunity for her to succeed in America. One of the key tenets of conscious capitalism is that a company must have a higher purpose than making money. As an entrepreneur, she was more inspired and driven by a higher purpose than making money. Geomagic was started with Fu’s vision to enable mass customization - "a digital form-fitting and manufacturing system that makes shoes and thousands of other items that were both one of a kind and produced with the efficiency of mass production." Ping shared her vision with her friend Mike Facello, “We will call it the Personal Factory, or PF”. “Cute, Ping,” Mike observed. “You’ve managed to name an industry after your own initials.” In sum, it may be no exaggeration to say that Geomagic has the potential to revolutionize the world’s manufacturing supply chain toward a whole series of practices that are lighter on the earth than our current system.

**Practicing Consciousness at Clif Bar and Prana**

Kevin Cleary is the COO of Clif Bar, which produces high-energy food bars for athletes, hikers, and active people in general. Over the past decade Cleary has expanded Clif Bar’s national and international distribution and directed the increasing use of organic ingredients, the rapid expansion of the company’s product portfolio, and groundbreaking initiatives in the area of environmental sustainability. As he has done this, his company has followed its own set of conscious principles, or, what he calls the five bottom line model: Sustaining our Business, our Brands, our People, our Community and the Planet.

Cleary became a devoted athlete and leader at an early age. During his training for triathlons he came to love Clif Bars well before he joined the company in 2004. Since then, Cleary has helped Clif Bar embody its values in both the workplace and marketplace. For example, the company encourages its employees to engage in 20+ hours per year of community service, and many of them are so inspired they regularly exceed that goal. Recently, the company noticed it was behind on its community service goal for 2012, but Cleary was quickly impressed by how everyone rallied to meet the goal by the end of the year. In addition to its community orientation, Clif Bar is also a fabulous place to work if you are an athlete or just live a busy life. The company’s HQ has trainers in their gym, and employees can even get massages and haircuts at work as well.

Thanks to Cleary’s leadership over the past few years, Clif Bar has developed five core personal communication values that they continually integrate into their workplace interactions: Create, Inspire, Connect, Own it, and Be Yourself. Cleary said that when Clif Bar does company engagement assessments, they find that there is hardly any need for improvement; nearly everyone already feels engaged at work.

All of this may sound nice but not terribly significant to the outside observer, but Cleary shared some of Clif Bar’s impressive business stats that show how having fun at work can be justified in terms of the
bottom line: The compounded annual growth rate of Clif Bar over the past 10 years has been 17% plus, and employee turnover has been less than 1%. Thus, the company does almost no retraining. During Cleary’s tenure, Clif Bar has gone from a 16% market share to 40+% market share. With many consumers now wanting to eat organic foods, Clif Bar can also be proud that it has bought over 400 million pounds of organic ingredients. In short, Clif Bar is an excellent example of a conscious company.

The CEO of prAna, Scott Kerslake, followed Cleary with further vignettes about how to run a small-to-mid sized company according to conscious principles. Kerslake began by noting that prAna is named after the Sanskrit word meaning “vitality and breath,” and his company, whose roots are in rock climbing and yoga, is now becoming a leader in the ever-expanding active apparel sector. Kerslake shared some of prAna’s business figures that revealed very robust growth in the past few years.

As Kerslake has worked with prAna’s leadership team over the past few years, the employees of this eclectic and funky company have moved from an implicit understanding of the company’s core vision and values toward a more explicit one. In this effort, Kerslake has helped communicate the company values to all of the employee teams and has gotten them to fully identify with them. Today, with prAna’s values more clearly articulated Kerslake shared that the company’s founders were in tears recently when then saw how employees were being recognized and rewarded for the precise values that they had originally envisioned.

Kerslake turned next to the topic of greater consciousness and sustainability in prAna’s manufacturing practices, noting that his company is working in two major areas in this regard. First, with respect to labor, many consumers have read horror stories of sweat shops in Asia that make the clothing sold in American shopping malls. Kerslake has helped prAna phase out any such labor practices. He has personally visited a number of prAna’s clothing manufacturing sites, and he has helped develop a set of 12 criteria by which prAna assesses a “good” labor factory. In recent years, the factories that have not met these 12 have been dropped from prAna’s supply chain.

Second, Kerslake said that the production and distribution of clothing in the global marketplace is ripe for a sustainability revolution. Too many of its dyeing and finishing processes and material suppliers are far from ecological. And the land that much of the cotton is grown on is being degraded. Unfortunately, the vast majority of prAna’s competitors do not offer any sustainable clothing lines, and Kerslake emphasized that consumers are willing to spend only 10 to 15% more for a sustainably made shirt or dress. Even as prAna continues to increase the number of such items, it must be attentive to the final sales price. Kerslake added that prAna is phasing out rayon fabrics and increasing its share of organic cottons. He speculated that fairly soon organic fabrics will be just as cost-competitive as non-sustainable and chemically-altered ones. At present, certified organic cotton constitutes only 1% of the total cotton used to make clothes.
Kerslake turned next some of the ways prAna embodies consciousness in the daily workplace. With a background in rock climbing and yoga, perhaps it is less of a surprise that prAna has brought in Buddhist meditation teachers to help employees embody mindfulness as they move through their daily tasks. This commitment to spiritual practice includes a company wide policy by which a large gong is rung at 3pm every day followed by all employees observing a moment of silence.

Ever the humble CEO, Kerslake did not share with the group a few awards that we can mention here: In 2012 PrAna was recognized by Free2Work as being in the top 1% of brands with respect to working conditions, traceability, and overall supply chain health. In addition, the Global Sourcing Council recently recognized prAna with a Sustainable and Socially Responsible Award as the most innovative and ‘out of the box’ thinking company pertaining to sustainability.

An Integral Approach to Reducing Political Polarization

On Tuesday morning Steve McIntosh and Carter Phipps gave consecutive presentations that proposed how we might speed up cultural evolution in order to reduce America’s current political polarization on such issues as climate change. Both McIntosh and Phipps are founders of the Institute for Cultural Evolution (ICE) in Boulder, CO, which employs an integral model (based on the ideas coming out of evolutionary theory, Integral philosophy and developmental psychology) to generate novel approaches to pressing social problems. At the heart of their vision is the observation that the unnecessary antagonisms among three worldviews—traditionalism, modernism, and postmodernism—are what really keep the progressive political movements of our era mired in ineffectiveness. Concerned about the fact that the political will to take action on climate change has decreased in recent years due to the efforts of Tea Party think-tanks, McIntosh and ICE think that the most effective way to reverse this trend on climate change is to reduce the antagonistic polarity between the worldviews of modernism and postmodernism. To achieve this, ICE plans to reach out to the postmodern environmental movement to encourage it to recognize the real achievements of modernism—rather than focus so much on its negative aspects. If ICE can do this, it will be helping both postmodernism to evolve (that is, to be less antagonistic toward modernism) and modernism as well (that is, to embrace postmodern environmental values with less reluctance).

McIntosh said that ever since Hegel, there has been a clear insight regarding how cultural evolution unfolds: when a new worldview like postmodernism emerges (as it did during the counter-cultural movement of the 1960s), a polarity is created between the new worldview and the one that it emerged in reaction to—in this case, modernism. And then due to a crisis or intractable social problem that same polarity (what Hegel called “antithesis”) is overcome by the evolution of a more encompassing worldview that harmonizes them (what Hegel called “synthesis”). Ever since the 1960s, the postmodern worldview (which advocates environmentalism, pluralism, and egalitarianism) and the modern worldview (which advocates capitalism, individualism, and libertarianism) have been in bitter conflict in American society—that is, they have been stuck in Hegel’s stage of antithesis. Thus,
ICE’s mission is to move the worldview of postmodernism from the reactive stage of antithesis into the more integrative stage of synthesis.

To accomplish this, ICE will be encouraging postmodernists to move away from their narrow focus on the pathologies of modernity (for example, the extremes of wealth and the destruction of indigenous cultures). The prominent activist, author, and critic of capitalist excess, Naomi Klein, is a good example of a postmodernist who seems to focus only on the pathologies of modernist capitalism. But according to ICE’s integral vision, the key shift needed by postmodernists like Klein is to realize that both the pathologies and achievements of modernism are closely intertwined—as is true for the positive and negative aspects of any worldview. So, instead of attacking only the dark consequences of capitalism, postmodernists need to highlight its noble contributions as well, such as raising many people out of poverty. If postmodernists can soften their attack on modernism and start to appreciate capitalism more, this in turn will encourage modernists to be less defensive and begin to embrace postmodern environmental values. In short, ICE’s integral approach will encourage these defensive and narrow-minded worldviews to begin to appreciate one another. And this more tolerant and inclusive-minded approach can help soften—and perhaps even resolve—the pernicious political polarization of our age, which contributes so much to the ineffectiveness of various progressive movements.

A further key to ICE’s approach is to address the challenge of climate change by articulating proposals that appeal to both sides of the polarized argument. For example, many new green technologies can both make a solid contribution to reducing greenhouse gases and stimulate global economic development. In this both/and approach, the modernist value of economic growth is honored and so too is the postmodernist value of environmental protection. In sum, ICE aims to reduce intractable polarization in the political sphere by helping former antagonists move beyond either/or to both/and thinking as well as to embrace win/win solutions.

Carter Phipps developed these themes even further. He began by providing a cogent overview of the political trends in America since the 1960s. His main point: that three underlying worldviews act like tectonic plates that inform from below our daily political attitudes and voting decisions. So, if you want to shift the political outcome, you have to speak to these underlying worldviews. Phipps displayed a diagram as follows:

<table>
<thead>
<tr>
<th>The Modernist Demographic ~ 50%</th>
<th>The Postmodern Demographic ~ 20%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservatives &amp; Libertarians</td>
<td>Liberals</td>
</tr>
<tr>
<td>Centrists &amp; Independents</td>
<td></td>
</tr>
</tbody>
</table>

The Traditionalist Demographic ~ 30%
Using this diagram, Phipps stated that each American election over the past half-century has essentially boiled down to who can capture the most moderns. Reagan did this effectively in the 1980s, just as Clinton did in the 1990s.

But since 2000, the Republican party has increasingly risked offending too many of its moderns (conservatives, libertarians, centrists, and independents) by letting the traditionalists dominate their central message. According to Phipps, we have reached the “twilight of traditionalism” with the recent presidential victories by Obama. In other words, the Republican party’s traditional base is now offending too many moderns, resulting in lost elections. Thus, the traditionalists no longer have the power to deliver a winning president (to be kingmaker, so to speak). Instead, Phipps noted that because the overall center of America continues to move toward postmodern values (for example, in May 2012 Obama became the first sitting president to announce his support of same-sex marriage), the traditionalist wing of the Republican party must evolve or its power will diminish.

With this background in mind, Phipps then proceeded to his main point about the future of an integral political vision. According to ICE’s integral approach to social change, the political platform that most creatively and effectively builds on the strengths of each of the three worldviews is the one that will have the most success. In this sense, an integral politics means that values from traditionalism, modernism, and postmodernism need to be synthesized together into a novel package that transcends the old style of compromise—what Phipps called “splitting the difference.” The new, integral approach instead will offer a novel synthesis that might be described like Goldilocks’s porridge: it cooks the ingredients until they are just right.

To obtain this optimal mix, Phipps and ICE are testing specific messages to be included in their integral political vision. For example, a progressive Democrat could be more integral by coming out in favor of prayer in school; this would be an offer that appeals to the traditional worldview. In general, the key to this approach is to make value differences in the three worldviews less antagonistic to each other. As noted by McIntosh, a good place to start will be to reduce the antagonism between postmodernism and modernism. Overall, both McIntosh and Phipps think the integral approach will reduce the level of threat that different constituents feel to their worldviews. These worldviews are not going away any time soon, so by putting them at ease, so to speak, there is a much better chance of bringing forth a new integral vision in politics.

**Conscious Energy Performance and Renewal: Tips From Tony Schwartz**

Tony Schwartz is the founder and CEO of the Energy Project, a company that helps individuals and organizations optimize energy, engagement, focus, and productivity by harnessing the science of high performance. Schwartz began his presentation by dispelling the common notion that we need more time to be more productive. It’s not that we need to manage our time better; rather, we need to
manage our energy better. Because no matter how well we manage our time, it will always be finite. But our personal energy is not. We can learn new techniques that grant us more energy and capacity, which will enable us to meet the rising demands in today’s work environments. Through various exercises and presentation slides, Schwartz drove home his point: it’s not the hours you invest, or even the degree of engagement that’s important. Rather, it’s the amount of sustained energy you have and how efficiently and effectively you use it every day.

Most companies are concerned with the degree of engagement in their workers. The traditional definition of that term is “the willingness to invest discretionary effort on the job.” Many studies have shown there is a well-established connection between the degree of employee engagement and the resulting level of performance. But Schwartz’s goal is to promote a more inclusive understanding of engagement that he calls sustainable engagement, which is the degree to which each employee is sustaining four kinds of energy: physical, emotional, mental, and spiritual.

Schwartz contrasted his new approach with the well-known Towers Watson study of engagement. While Towers Watson measures the willingness of employees to do discretionary activities, it has overlooked the capacity to do them. Schwartz, instead, makes the discrimination between willingness and capacity more explicit in his consulting work. Thus, the Energy Project adds to the Towers Watson perspective the focus on the four kinds of energy just mentioned (physical, emotional, mental, and spiritual).

To make this a bit clearer, Schwartz provided a chart showing the operating margin percentage of companies according to the degree of engagement at their workplaces. (Note: In the first two items listed below “engagement” means “traditionally defined engagement” according to Towers Watson. This is different from Schwartz’s new definition of “sustainable engagement.”). Thus, companies with the:

- Lowest level of engagement have an operating margin of 9.9%
- Highest level of engagement have an operating margin of 14.3%
- Highest level of sustainable engagement have an operating margin of 27.4%

Thus, the companies with the highest level of sustainable engagement have an operating margin nearly twice the level of those with the traditional definition.

Since the business world thinks in terms of value exchanges (this for that), Schwartz envisions a new set of them. In the near future we will likely move beyond the old fashioned notion of work being a value exchange of “time for money,” and in its place we will start to think in terms of four new value exchanges in the workplace:

- Physical energy: We let our employees renew their energy for more optimal sustainability and longevity.
Emotional energy: We appreciate our employees for their highest engagement.

Mental energy: We provide boundaries to our employees for the optimal focus of their attention.

Spiritual energy: We provide higher purpose to our employees for their passion.

In each case there is a more optimal value exchange that results in greater employee productivity. For example, with respect to the growing problem of scattered attention in the workplace (low mental energy), Schwartz recommends that high performing companies provide the appropriate boundaries for their employees to focus their attention.

In response to a question, Schwartz said that when the Energy Project consults with a company, it has a high success rate (about 95%) due to its ability to implement peer support. Peer groups hold members accountable to the new energy-efficient behaviors. Schwartz maintains that a community of like-minded practitioners is key to adopting these new techniques. Lastly, Schwartz discussed his concept of The Energy Quadrants:

When a company is poorly managed, the workers will spend most of their time on the left side of the zones (survival and burnout). But integral leaders and CEOs are the ones who are effective at mobilizing, focusing, inspiring, and sustaining the company’s overall energy profile. This means that the company’s employees spend most of their time on the right side of the zones (high performance and renewal). Overall, Schwartz drove home the point that for optimal performance we also need optimal renewal. The most conscious companies are now learning the close connection between these two, and they are reaping the benefit of greater productivity as well as sustainability.

In response to the presentation, John Mackey briefly described how Whole Foods has been implementing some similar optimal energy incentives. For example, the Green Trek Challenge is a...
point system whereby participating employees who do physical activity of any kind (running, yoga, etc.) will obtain points. Then, different teams, groups, stores, and regions compete among each other. This system has been so successful that 65% of team members have been participating voluntarily.

**Consciously Integrating the Worlds of “Rich” and “Poor”**

On Tuesday afternoon, Lynne Twist and Blake Mycoskie, discussed how both conscious philanthropy and conscious business can integrate the world’s resource-rich and resource-poor in ways that are more respectful and empowering for all involved. As a socially responsible philanthropist, fundraising guru, and proponent of the wisdom of indigenous cultures, Twist described her rich work experiences from around the globe that have contributed toward a sustainable vision for human life. She began by questioning the prevalent usage of the terms “rich” and “poor,” which she thinks have distorted our understanding of the real value in both industrialized cultures and indigenous ones. As the author of the award-winning book, The Soul of Money, Twist ironically noted that the so-called poor cultures and nations are the ones that have taught her the most about values, money, and abundance. Those whom the industrialized West deems to be poor are actually quite innovative, resilient, and courageous. Thus, we need to find a new vocabulary that honors the inherent wisdom and wealth of the indigenous lifestyle on its own terms.

Twist shared a story that exemplified how we also can move beyond the degrading and unsophisticated concept of “charity” and toward the more generative concept of “solidarity.” During the Ethiopian famine in 1984-85, Twist lived with and became close to seven mothers there. As she bore witness to their grieving process, she was struck by how dignified and meaningful their rituals for honoring death were. Then, as if it were some kind of synchronicity, Twist flew immediately to New York City to discuss fundraising with precisely seven urbane and financially endowed women in the heart of Manhattan. By creating a sense of solidarity (not charity) between both groups of women, Twist helped channel funds to Ethiopia so that the surviving children could attain Ph.D.s and law degrees and rise to prominent places within their society. The beauty of this trans-Atlantic partnership was that women from two different sets of circumstances met as true equals. And as a result of their decade-long collaboration, both groups of women transformed their lives.

Because Twist has such an innovative view of wealth and money, she was not shy to say, “I love asking for money. I think fundraising is totally sacred.” As she touched upon aspects of her work, some in the conference saw it as the natural complement to Conscious Capitalism, but in Twist’s case, it is called conscious philanthropy. And the parallels to what the Conscious Capitalism movement is advocating are quite apparent: conscious philanthropy involves a higher purpose, a win-win approach, and conscious leadership and culture—all applied to fostering the flow of money away from fear-based objectives (military spending, for example) and toward humanity’s most pressing issues (the environment, education, and health). In this regard, Twist mentioned her leadership of the
Pachamama Alliance, which works with indigenous people of the Amazon and applies their wisdom to educate and inspire individuals everywhere to bring forth a thriving, just, and sustainable world.

Even a brief presentation from Twist would be incomplete without a discussion of how outdated mindsets limit our thinking about what is possible. Although coming from a different perspective than Steve McIntosh and Carter Phipps, Twist actually shares a similar aspiration: to make the environmental movement more effective. But where McIntosh and Phipps emphasize getting postmodernist environmentalists to appreciate modernist capitalism, Twist emphasizes how to liberate that same group from the “scarcity mindset.” As Twist sees it, the environmental movement is stuck in the view that there is not enough to go around on planet earth and some will always be left out. But Twist firmly challenged this view, which she thinks is rooted in the “more is better” attitude that is so prevalent in America. As she put it, “There are three toxic myths: There’s not enough. More is better. And that’s just the way it is.” In separate but ultimately complementary ways, both Conscious Capitalism and conscious philanthropy reject these myths and provide positive solutions to counter-act them.

Lastly, Twist highlighted the long-enduring inspiration she has received from the unique polymath Buckminster Fuller, whom she first met in 1976. As Fuller observed decades ago, during the twentieth century humanity unwittingly passed a critical threshold whereby our basic production practices are so efficient that there is enough for everyone to live a happy and fulfilled life. Fuller’s fundamental optimism maintained that ephemeralization is the overall direction of human cultural evolution. This means that as we design our production, architectural, and agricultural processes with more intelligence, we will reduce the amount of material input into each of them. We will literally live lighter lives. In addition, Fuller speculated that we are simultaneously moving into a win-win worldview in which there will be enough for everyone to prosper without taking away from others (in contrast to the win-lose worldview in which some will always lose or suffer). What Fuller prophesized decades ago is now being realized by Conscious Capitalists and businesses, like those convened at this conference. With this in mind, Twist’s final observation was that the emerging vision of Conscious Capitalism is much more than a change to its assumptions; it constitutes its own transformation.

Following Twist, Blake Mycoskie narrated the amazing story of TOMS shoes, which is a whole new way of incorporating giving in a for-profit business that is innovative, simple to understand and yet extremely powerful for both social impact and business success. He called the approach One for One—one pair of shoes to a child in need for every pair you buy. What makes this new model of convergence of capitalism and philanthropy work? Will it stay and grow?

Why I started Toms: I started a laundry business at SMU in Dallas, and I dropped out of college. I got labeled as a “young entrepreneur.” Later, I started an outdoor advertising channel that I sold to Clear Channel. I lost millions in a TV network venture. And I started an online education company, which had some success.
I went to Argentina in 2006 on a vacation to learn polo. I met some women in a café. They talked about how they were collecting used shoes to give to children who needed them just to meet the dress code in school. I had not been involved in philanthropy up to that time.

After talking to them, I wanted to help. I wanted to give shoes in a sustainable way. So, I came up with the idea that for every pair we sell, we will give a pair to a kid in Argentina. The desire to do the model as one-for-one is that it’s easy to keep track of. In hindsight, this simple model is what has made us successful. Consumers feel there is a direct impact from their purchase. My spontaneous desire to give; it was so much fun; it was joyful; I loved it. After reading John Mackey’s and Raj Sisodia’s book Conscious Capitalism, I saw that this is our model at TOMS. I realized I could have written this book myself. All of these tenets have been integral to the success of TOMS.

Why Giving is an Effective Business Strategy: While giving feels really good, it is also an effective business strategy. It makes a lot of sense, the same way Conscious Capitalism makes a lot of sense. Let me describe three ways we built the business through giving and why it allowed us to outperform most startups in the last six years.

First, when you incorporate giving into your business, your customers become your marketers. We spend very little money on advertising and marketing. We have never done any traditional advertising since we’ve started. We’ve done a little online marketing.

But your customers are your evangelists. They have a great desire to tell your story. The same way that Doug’s wife was telling him before he came to Esalen [She bought some TOMS shoes a few weeks before the Esalen conference.]. Millions of customers have done this.

We put videos on YouTube where millions of views happen, and that’s much more effective than a Super Bowl advertisement. And it didn’t cost us anything but shooting the video. So, your customers become your marketers when giving is at the core of what you do.

Second, you attract and retain some of the most amazing talent in the world. Even in the early days of TOMS we had very little money for executive salaries. We got people from blue chip companies, extremely talented, typically at the later stage of their careers. They left those corner offices and high paychecks to come join us in a warehouse office to be part of something. People want to be part of something when giving is at the core of what you’re doing, in such a simple way like One for One.

The other thing about giving –and this goes a little bit to what Lynne was saying - when you’re giving and serving with your co-workers, you very quickly realize that your own stresses and pet peeves with each other kind of melt away. When you start serving with one another, you don’t worry about all the things that typically stress people out, cause lack of productivity in the company, cause passive aggressiveness. All those things just kind of melt away, when you see these incredible needs you’re serving. So, it’s really good for attracting and retaining, and for employee morale.
The third thing that I’ve recognized, and this has been a key to our growth and our success, has been when you incorporate giving in what you’re doing you attract amazing partners. People want to see you be successful. We’ve had more companies, fashion designers, and people voluntarily help us get to the next level. I think that’s the way that we’ve been able to grow and get to where we are today. I’ll use an example.

In 2009 I got a call from AT&T, who heard that I was an AT&T customer. “Look we want to go on a giving trip with you, so we can film how you are using your device in Ethiopia, Uganda, wherever. And show how an authentic experience of how our technology is helping to do good things in the world.”

So they came to Uruguay with me. They hired a documentary filmmaker. We made this commercial. AT&T spent 40 million dollars on this commercial. It was the largest commercial they had done in years. They’ve had better results with it than any focus group commercial they had tested in ten years. They played it at the Masters; they played it at American Idol; they played it at Survivor. It was so successful that they took a 30 second spot and made it a minute spot to premiere at the Final Four. And our business literally went like this [he points up].

I met the Chairman of AT&T. I couldn't contain myself at how thankful I was for what his company had done. And he turned around and thanked me because it allowed his company to show how it was helping a small company like ours help people around the world. So, you can attract amazing partners when giving is at the core.

Giving always feels good. But my message I always like to share with people is that it is also a really good business strategy. I think more and more companies are incorporating it. It’s also a good personal life strategy. If you’re a person who is seen as a giver, more people want to see you be successful.

Vision for the Future: The one-for-one model I have found is really effective in allowing a consumer to know exactly what’s going to happen. There is no ambiguity. There’s no crazy accounting. You buy a pair of shoes, we give a pair of new shoes to a child in need. Now we’re doing sunglasses. You buy a pair of sunglasses, we give someone their sight back. We are doing cataract surgeries; we do eye exams.

I think the one-for-one model has incredible potential to help people in many more ways. My hope and dream and vision for TOMS, and for the company that I mirror off of for very different reasons. I look at Virgin. In the history of business, I can't think of another company that took a brand and added to it and was able to go into so many industries and have a positive effect. There is no other brand I can think of in the world that has done that.

Just as in the 60s and 70s when Richard was building this amazing brand in all these different industries, I think the cool thing happening today is with the generation that is buying a lot of our products.
What I’m so encouraged about today….if you look at what the cool kids are doing today—and many of your kids are probably in that group—they are recycling, they are buying TOMS; they are giving up their birthday to raise money for water projects in Ethiopia. So, my hope and dream is that I can continue to use the one-for-one model to effect many things whether it’s food, water, or something else.

**Conclusion**

The CEO of Conscious Capitalism Inc., Doug Rauch ended the conference with some observations about the growth of the movement. Unlike some previous attempts to improve capitalism, the conscious capitalism paradigm is guilt-free. We can help the world and make a profit at the same time without degrading employees and doing damage to the earth. There is no need for guilt about being a successful business person implementing conscious principles. Indeed, Rauch noted that the millennials already seem to be viewing this enterprise on these terms. They are turned on by conscious, socially-aligned capitalism. Rauch reviewed some of the excited developments with CCI (Conscious Capitalism Inc.). It is reaching out to business schools through academic papers and hosting CEO summits annually in Austin, TX. Conscious Capitalism is growing its Facebook presence, and chapters are popping up in Australia, Brazil, South Africa, and other places around the world. As this proceeds, Rauch still envisions Esalen playing a vital role in nurturing this movement along. Esalen’s beautiful land and culture of integration continues to show innovative ways to bring together the sacred and the commercial. As an outgrowth of this CTR conference series, in the near future more CEOs and business executives will be invited to take part in the magic of Esalen. They will contribute to the larger conversation on capitalism, business, ecology, and human potential. As a leader for more than fifty years in bold experiments that help further the evolution of consciousness, Esalen and its Center for Theory and Research will continue to nurture and serve the conscious capitalism and conscious business movements.