

Inside the Theory of the U

Interview with Peter Senge and Otto Scharmer

George Hall



Peter Senge

In *Presence* (SoL, 2004), Peter Senge, Otto Scharmer and their coauthors Joseph Jaworski and Betty Sue Flowers provided an intimate look at the development of a new theory about change and learning. The theory was further refined in Otto Scharmer's subsequent book *Theory U* (SoL, 2000). In both books, the authors seek to explain how profound collective change occurs. Ultimately, they tackle universal and persistent questions – What are we here for? How would the world change if we learned to access, individually and collectively, our deepest capacity to sense and shape the future? What do we really care about? How can we serve an emerging future that averts environmental degradation and species destruction – including our own? In this, the first half of an interview conducted by George Hall, Peter Senge and Otto Scharmer share their views on innovation, insight, and leadership.



Otto Scharmer

George Hall: *Did the ability to innovate come naturally to Dr. Brian Arthur, the brilliant innovator in economics and complexity science you interviewed? Was this a difficult skill to cultivate or did it come naturally to him?*

Otto Scharmer: No. Acquiring a fresh outlook is often not an effortless process. Most stories told by those who lead efforts aimed at profound innovation follow a particular pattern: everything is initially “outside” and “fuzzy.” Then somewhere along the line a profound shift happens. When you deconstruct the innovators’ story, you get the inside story – the events as they were experienced. Interestingly enough, many stories begin when an idea shows up rather unexpectedly, like an uninvited houseguest. Surprised, the innovator is reluctant to consider the idea in depth, pushes it aside, and may even refuse it because he doesn’t want to do it. Undaunted, however, the idea refuses to go away and shows up again and again. When the innovator finally submits and discusses the idea with his or her colleagues, they may laugh at or ridicule it. If the innovator has the inner strength to persist in following the idea further, he or she may be isolated or excluded from their community.



George Hall

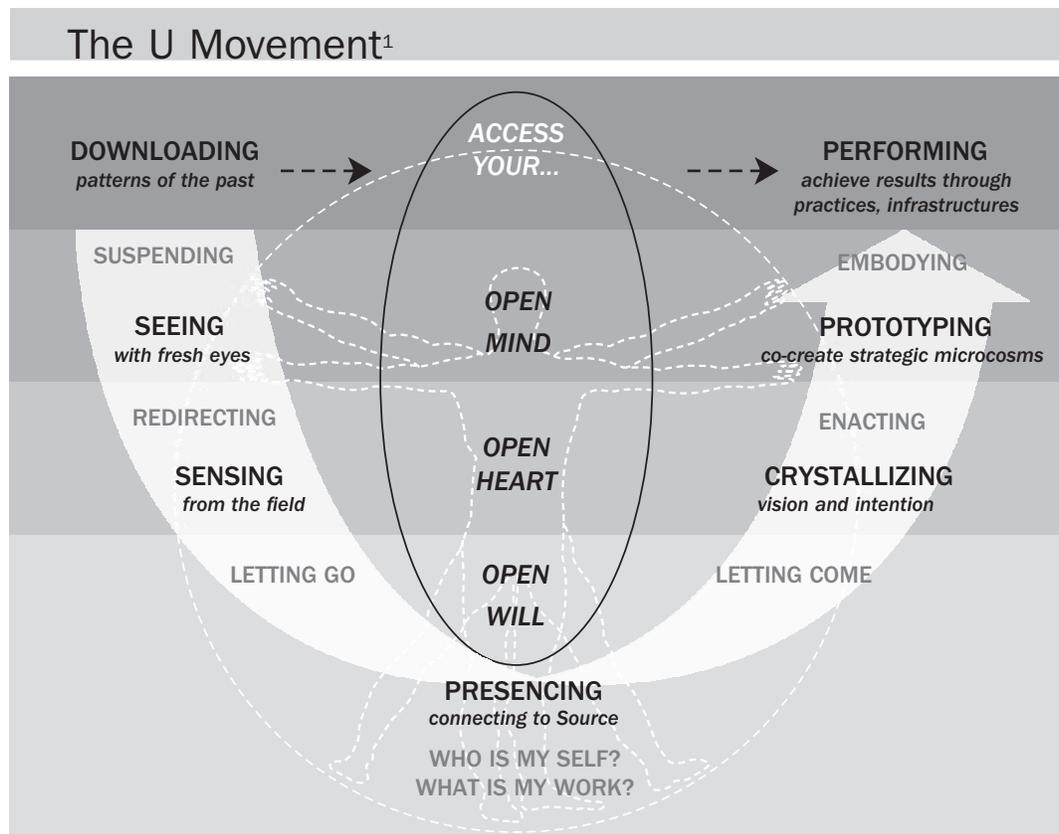
Whether innovators realize it or not, they are on a journey that may cause them to violate some of the key assumptions of their professional community. When that happens, the group may ostracize the innovator. Naturally, that feeling of exclusion hurts. I don’t know of a single example where the “fresh outlook” developed easily or without paying a certain price socially or otherwise. The process of innovation, then, is actually a journey that asks you to cross a threshold and leave behind a world that is known, comfortable, and familiar; where you are part of a given community. In your journey of discovery, you will move into something that is less known, more unfamiliar. It is a context that only comes into being when you take a daring step, which almost feels like stepping into nothingness. That is the insider’s story, the innovator’s story. I know of almost no exception.

Peter Senge: One thing I would add is that oftentimes there is a significant amount of hard work in preparation. Often you must put in a large amount of hard work before you ever reach the point Otto is describing. Brian Arthur was a traditional economist who immersed himself deeply in human development; first through Taoism, and then Buddhism. We described Brian’s journey in detail in our book only to offer an illustration: there is no right way to go on a journey of this nature. There is no set path. But if you are on a journey of real development, make no mistake – it will be hard work.

George Hall: *How does the theory of the U react under stress? Can one still use a contemplative model like the U theory under pressure?*

Otto Scharmer: If the U theory (below) doesn’t work under pressure, then it isn’t very useful. That is when it matters most. Today everybody feels pressure, and that will only continue. Consequently, the question becomes, how can you cope with pressure in a way that allows you to deal with it from a different plane? How do you balance this increasing pressure from the outside with something you do on the inside? How can you cultivate or develop your capacity to deal with these situations more effectively? The principles and the process we describe in our book apply to and deal with this situation by answering the following questions:

- What can you do when you are faced with this sort of situation or pressure?
- What new rules can you follow to successfully navigate these obstacles?



To answer these questions, many academic textbooks on decision-making theory describe models that follow a certain general sequence of activities: 1) develop your options, 2) create a set of preferences, 3) compute the correct path, and 4) offer the most preferred option to the decision-maker. In contrast, the decision-making method we describe in our book is more applicable to real life and more reflective of the strategies actually used by successful innovators across the globe.

Leaders around the world are increasingly being confronted with complex, intractable problems. Such situations often have the following characteristics: 1) the solutions are not known, 2) the problems you are dealing with are going to evolve over time and are only partially known now, and 3) the key actors you need to deal with in order to be successful are not fully known. As such, leaders need a different kind of capacity that helps them deal with situations that are emerging. The traditional decision-making model, which assumes that you have all the knowledge about the alternatives and preferences, is no longer useful or valid. In fact, the standard, old-fashioned decision-making frameworks will fail to help you to be effective. We describe a process leaders can follow to successfully negotiate these challenges. Basically, if you go through the full U-process of opening up and honing your perception and your understanding of the situation, then what needs to be done will become evident. In the traditional sense, there is no decision making. What needs to be done will just emerge from the process. Your mandate, then, is to just go do it.

Peter Senge: More and more people are going to find themselves in situations that are too complex, that they just can't figure out. There is much too much going on and there is much too much that is uncertain and novel. In such circumstances, it often looks like the most anyone can do is to say, "Just take your chances and hope for the best." At that point, it all degenerates into randomness and educated guesswork. In contrast, we are saying that there really is an alternative: you can develop your capacity to sense and move with situations – even those that are not fully understood. In a sense, learning to operate in this uncertain environment is very much like learning the martial arts. You study and study. Training is very disciplined because when you get to a certain point when there is real stress, for example in real combat, you don't have time to figure anything out. But you also do not respond simply out of habit. You may have a whole repertoire of stylized behaviors, but you have honed an awareness that prepares you for the most stressful, demanding, and uncertain situations. When acting under stress in real life situations, you are not going to have time to go back and read a bunch of books, and even if you did, it wouldn't help you.

George Hall: *So, the U-process helps you convert your background into an observing capacity, a unique awareness that allows you to react quickly and effectively under stress?*

Peter Senge: Exactly. Learning how to develop that capacity is crucial for today's leaders.

George Hall: *This theory reflects a learning model that revolves around actualizing new realities prior to their emerging. Do you intend this theory to replace existing learning models like that of David Kolb? Could the theory of the U help reshape management education? Influence public education?*

Peter Senge: Yes and no. I don't think we can call our theory a new philosophy. What is truly new under the sun? Although it is different from the mainstream approach, I don't think

it is that different from what many gifted people do intuitively or spontaneously. What makes it appear new is that it contradicts our Western, rationalistic view of how things “ought” to happen and thus much of our formal education. Should it be part of management education? Yes. It is just a question of how innovative business schools are prepared to be. Most business schools, and most educational institutions, appeal to a mass market and are very conservative. Nonetheless, if you believe that the purpose of education is to prepare people for the future rather than the past, we need to do much more than teach people how to solve puzzles or problems that have been solved in the past and which now just differ plus or minus five percent. Today’s real problems are fundamentally different from the past. They are global. They cross institutional boundaries. They require diverse people to think and learn together. If this theory truly fits the needs of the reality we are living into, then people will find ways to integrate it upstream in the educational process.

Otto Scharmer: You could say that as an idea or concept, the U theory is not new at all. What is new is that this way of looking at reality is more relevant today in dealing with the large, macro societal and institutional leadership issues. What are the essential problems in the health sector, in the educational sector, in the energy sector and in the agricultural sector? What would it take to innovate in these sectors and deal with the issues we are now facing? After considering these burgeoning issues, we developed a curriculum centered on the core capability in our book – presencing. We created a comprehensive training program to build the capacity to innovate in each one of these spheres. The development of this ability is by its very nature trans-disciplinary. In the next phase, we could build a school or institute where this individual and collective capability would be researched, developed, and disseminated through capacity building and practical applications in business and society. Maybe it is time to create a global action research school founded on the principles and practices of presencing.

George Hall: *In your book you comment, “The state at the bottom of the U is presencing; seeing from the deepest source and becoming a vehicle for that source. When we suspend or redirect our attention, perception starts to arise from within the living process of the whole... perception moves forward to arise from the highest future possibility that connects self and whole.” Would you describe such movements as an epiphany?*

Peter Senge: Not necessarily. The phenomenon of presencing is diverse: it is experienced and described differently by different people in different communities. If, for example, you are wrestling with certain issues that are difficult and through a process of U-like reflection a breakthrough occurs, then it could be called an “epiphany.” An epiphany, however, is only one type of breakthrough possible with the theory of the U. In interviews, we spoke with many people who described their own breakthrough as something subtler than, and even preceded, an epiphany. While not necessarily the big breakthrough experience, they felt that at the next moment, everything could change. What we refer to in *Presence* is actually this deeper resonance that in some cases may not manifest in something as dramatic as what people would term an epiphany.

George Hall: *What is this elusive yet all-important “living process of the whole” that you refer to? The theory of the U implies a very optimistic worldview: there are positive*

processes out there that can be tapped into if only you know how. By accessing these positive processes, you are actually tapping into something larger than yourself. Is this correct?

Otto Scharmer: Yes, that is right. This is a central assumption of our model. But it describes a process that we have heard many people describe. The opposite might be when managers go through some sort of artificial “visioning exercise” that encourages them to make up whatever they want to see happening with no real sense of connection to the reality of their organization. In the processes we are describing, you are allowing yourself to be drawn or pulled in a certain direction. In so doing, you are entering into a dialogue with an emerging possibility, not imposing your will upon it. At some point in this process you may crystallize certain visions, but they are an expression of this dialogue with what is emerging. To the degree that you are courageous and go through certain steps that help this possibility come into being, then doors open up and a “helping hand” of sorts shows up. Resources that you didn’t even know existed or had no prior access to will be offered to you. In general, people were initially reluctant to tell us about these experiences. It took time before they built up the level of trust needed to reveal the “insider’s” version of the story. Time and time again our interviewees described how they felt as if they were on a track: they felt drawn in a certain direction.

George Hall: *I’ve experienced this sort of “helping hand” myself, but never considered it part of a universal process I could affect. I thought of it more as a happy coincidence. My impression is that most people don’t invest themselves in this type of thinking because they don’t see it as a process or even as a possibility.*

Peter Senge: That is right, and it is exactly the argument we make in detail in our book. In short, more people than we imagine actually have this experience. They don’t notice it as such because we don’t have a suitable language or a more refined way of paying attention to this subtle phenomenon.

George Hall: *In your book you comment, “The bottom of the U is where you discover who you really are as a servant or steward to what is needed in the world. This is the inner knowing that Brian Arthur is talking about, and then once you see what is needed of you, you act spontaneously.” Are most people capable of this degree of self-reflection or altruism? Is a leader someone who embraces his or her capacity to be a “servant” of what is needed?*

Peter Senge: Yes. This is one definition of leadership that I have always found very appealing. Leadership, however, can mean many different things to different people. We recognize that all leadership isn’t about position, but obviously some types of leadership are about how one operates when in a position of authority. To the extent that you see your purpose as being to serve the organization, or society, or whatever is considered the meaningful whole, then there really are two points of view: 1) my job is to figure out what the whole needs and then figure out a way to accomplish it, or 2) my job is to help this “whole” evolve: what is its highest possibility? What is its purpose? Are we all together? In the second case, to be a leader is to serve the evolution of the whole. Our view is not very different from what Robert Greenleaf describes in his seminal book, *Servant Leadership: A Journey into the Nature of Legitimate Power and Greatness*.

One of the questions we frequently asked people in our research was, “Who is the leader who serves the whole?” Serving the whole means not acting in a self-serving way – i.e. How can I impose my image of what is needed? Rather, it means cultivating a more genuine or authentic way of being. If I am a true member of a community, I naturally will try to act in service to the whole. I may not always succeed but it will be my natural inclination.

Is there an important link here between serving the whole and viewing organizations as living systems? Yes. What I am saying right now would make no sense out of that context – in other words, if we simply considered business as a machine for making money. If my view is that the organization exists to do what I want it to do or what the board of directors wants it to do or what the ‘owners’ want it to do, it is in effect a mechanical entity driven by a few in control. On the other hand, if the organization is a human community, if it is a living system, it makes all the sense in the world. How will I serve this living whole? I believe that you will find this orientation at the heart of those who are real leaders. Basically, they are doing their very best to serve the health and the evolution of the whole they feel some responsibility for.

Otto Scharmer: You asked, “Are most people capable of this degree of self-reflection and altruism?” Yes, I think so. I teach a class on corporate responsibility at the Sloan School of Management at MIT. Usually, MBA students and mid-career executives take the class. Initially, a few people are enthusiastic but most are skeptical, even cynical. They want to learn about corporate responsibility and sustainability but they don’t suspect that a practical model of innovation might underlie these issues. As the class progresses, we examine thought provoking examples, go to interesting organizations to meet remarkable people, and practice prototyping new ideas. In the process, students learn to appreciate how much true leadership is connected to taking responsibility and shaping the larger social and ecological whole. Further, they realize how much innovation in an institutional setting has to do with accessing this deeper and more personal source of knowing. Finally, they discover an ethical dimension within themselves that guides their creativity. What amazes me when watching them going through this process, is that you don’t have to impose a set of ethical norms or principles to trigger these insights. All you need to do is provide people with a methodology and a context that helps them to uncover what is already there. This is an amazing process to witness. Many students have said that as a result of this U-like academic experience, they believe they will not only be more effective business leaders, but also more effective parents, and social or community leaders. This mode of operating can truly change all aspects of their life.

ABOUT THE AUTHOR

George Hall is the Field Editor for Management Development with The American Society for Training and Development (ASTD) and an active SoL member. He teaches in the College of Business Administration at Strayer University and the University of Phoenix.

[**georgehall@comcast.net**](mailto:georgehall@comcast.net)

ENDNOTES

- 1 Figure from Otto Scharmer, *Theory U: Leading from the Emerging Future*, SoL, 2007.

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