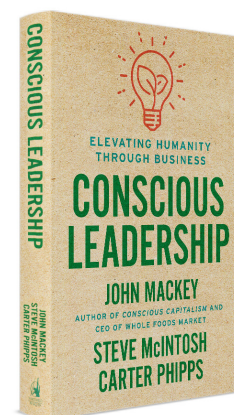


Conscious Leadership

Elevating Humanity Through Business

by **John Mackey, Steve McIntosh, Carter Phipps**



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THE SUMMARY IN BRIEF

John Mackey started a movement when he founded Whole Foods, bringing natural, organic food to the masses and not only changing the market but breaking the mold. Now, for the first time, *Conscious Leadership* closely explores the vision, virtues, and mindset that have informed Mackey's own leadership journey, providing a roadmap for innovative, value-based leadership—in business and in society.

In this follow-up to the groundbreaking best-seller *Conscious Capitalism*, Mackey argues that if businesses want to become more conscious, leaders themselves must also become more conscious. Each chapter of *Conscious Leadership* will challenge you to rethink conventional business wisdom through anecdotes, case studies, profiles of conscious leaders, and innovative techniques for self-development.

Conscious Leadership culminates in an empowering call to action for entrepreneurs and trailblazers—to step up as leaders who see beyond the bottom line.

IN THIS SUMMARY, YOU WILL LEARN:

- The nine characteristics of a conscious leader.
- What it means to lead with love.
- To go beyond win-win deals and solutions.
- How and why leaders must constantly evolve their teams.
- Strategies to continuously learn and grow.

Introduction

Leadership has always presented challenges, but today, amid our rapidly changing global economy, those challenges are truly monumental. Technology is proving increasingly disruptive, global competition is ever present, generational shifts in the workplace are complicating organizational culture, and changing attitudes about the responsibilities of business are putting more pressure on leaders.

The sheer diversity of issues that any CEO must respond to requires the wisdom of Buffett, the assertiveness of Churchill, the creativity of Jobs, the emotional intelligence of Oprah, and the patience of Mandela! No individual perfectly meets these multiple demands, but the best learn an invaluable lesson: that leadership is an ongoing journey of service, not a static position of power. Most important, there is always room for further development.

It's a well-established truth that an organization's potential is constrained by the abilities of its leader. So if our goal is for business to become more conscious, there is no escaping the imperative for leaders to step up to the challenge personally.

The Meaning of Conscious Leadership

Being a *conscious* leader means embarking upon an intentional journey of development. It means purposefully stepping up to a much higher level of integrity and responsibility.

It isn't easy to become a more conscious leader. It's not enough to simply follow rules or adopt the latest leadership fashions. The term "conscious" implies being more thoughtful, more awake, and more intentional in our embrace of our role and the responsibilities it confers. It's a word one might more readily associate with personal growth, spirituality, or philosophy than with professional development.

And that's precisely the point: conscious leadership is first and foremost an inner journey of character development and personal transformation, informed by a powerful understanding of human nature and human culture.

To some extent, what conscious leadership means and looks like for each individual will be different. However, conversations and interactions with hundreds of men and women have uncovered nine distinguishing characteristics and behaviors that unite those leaders who are striving to be more conscious. These nine characteristics are categorized into three categories:

- **Vision and virtue:** put purpose first, lead with love, always act with integrity.
- **Mindset and strategy:** find win-win-win solutions, innovate and create value, think long term.
- **People and culture:** constantly evolve the team, regularly revitalize, continuously learn and grow.

When leaders become more conscious, the organizations they lead become more conscious, creating an ever-widening circle of purpose-driven cultures and communities. We elevate business through our humanity, and we elevate humanity through business. Let's now learn the nine characteristics of a conscious leader.

PART I: VISION & VIRTUE

Put Purpose First

The first and foremost job of every conscious leader is to connect people to purpose. A leader's job is to ensure that, amid all the complexity of daily activity, purpose shines brightly—that it remains vital and relevant, a guiding context, both ethically and practically. This entails more than just believing in our organization's higher purpose. A conscious leader embodies it, and lives it out in a way that makes that purpose vivid and exciting.

Conscious leaders infuse their organization's purpose with authenticity and meaning. They make it come alive, in little ways and big ways, every day. Their passion for purpose can become a touchstone for those around them. They demonstrate and embody the "why" of an organization. And they show a reasonable pathway to "how."

A Leader's Journey to Purpose

Before there are organizations, there are individuals. Before there was a company called Patagonia, there was a young man named Yvon who cared deeply about climbing and wilderness, and struggled to find the right clothes to match his hobby. In the days before there was a movie studio named Disney, there was a young animator named Walt, hawking his wares in Hollywood, who was passionate about sketching and cartoons.

For every company purpose statement that adorns the lobby wall or company website, there was once an individual nurturing inner visions and fumbling around with novel ideas and approaches. But how does one discover a higher

Instead of thinking of business as a battlefield or a jungle, what if we think of it as a community?

purpose? How does a future conscious leader take the first step on that journey?

For most, that process begins with some type of passion or curiosity, the natural pursuit of one's life interests. At some point along the journey of self-discovery, a purpose begins to reveal itself. A "true north" begins to appear on one's internal compass. It might be bright and vivid, or it may slowly emerge, frame by frame, over time. But eventually a path, or at least a direction, can be seen. A critical journey has begun.

The long and winding road taken by many entrepreneurs is testimony to the fact that discovering our purpose and finding a way to express it in the world of business is a journey and not simply a destination.

Phil Knight had the inspiration, back in his days at Stanford, to sell inexpensive, quality shoes to running enthusiasts like himself. But he had no idea of the extraordinarily circuitous route that would eventually lead him all around the world before he founded the most successful and inspirational sports brand in history, Nike.

The key to discovering an organization's higher purpose entails discerning the intrinsic good that is at the heart of its value proposition. For Whole Foods, the intrinsic good behind its value proposition is health and vitality—both for people and for the planet.

For an information company like Google, their essential value is found in the growth of knowledge, in helping humans skillfully negotiate the burgeoning world of data in the information age. For an outdoor retailer like REI, connecting people with the beauty of nature is the intrinsic value behind their work.

Lead with Love

In principle, few would argue with the statement that love is extremely important in every domain of human life. And yet, when it comes to business, this core human virtue is striking in its absence. Love rarely makes the list alongside traditional leadership virtues like integrity, hard work, and courage.

As a consequence of this omission, corporations are far less satisfying places to work than they should be, organization cultures are suboptimal, and their highest potentials are stunted. Love is very much in the corporate closet.

But it doesn't have to be that way. We need to practice the virtue of love in all domains of our lives—including when we show up at work. And leaders who do so will discover that in fact, as consultant and author Steve Farber likes to say, "Love is just damn good business."

If we want to bring love out of the corporate closet, if we want to be conscious leaders who skillfully practice this powerful human virtue not just at home but at work, then we are going to need to think about business in entirely new ways. Instead of thinking of business as a battlefield or a jungle, what if we think of it as a community?

If we think of business as a community of stakeholders that are connected through mutual interests and benefits, then we can appreciate that leadership's job is to create value for every member of that community in a continuous series of win-win-win decisions.

The Many Faces of Love

Love isn't really one thing—it's a many-splendored virtue. We don't fully understand love unless we also understand and practice its many manifestations. For example, generosity is an expression of abundance; it's not an expression of self-sacrifice, which is a common point of confusion.

True generosity is an overflowing, a movement of the heart that wants to share what we have and help others. It arises not from a feeling of guilt or duty but from our own awareness of abundance in both ourselves and in the larger universe we are part of. We can be generous with our time, attention, money, knowledge, and even our spirit.

One of a leader's most important jobs is to salute excellence—to see it, recognize it, and appreciate it, as leaders do in meetings at Whole Foods. But remember, appreciation needs to be authentic. People have highly tuned antennas for misleading or disingenuous compliments. When we authentically appreciate somebody, it not only makes the

person receiving the appreciation feel good; it also helps build trust and break down barriers between people.

Always Act with Integrity

Integrity is a virtue that every leader should aspire to, but we won't pretend that it is easy or common. In some sense, we can more easily define integrity by what it's obviously not. It's not lying. It's not stealing. It's not fudging your accounting, or mistreating your team members, or greenwashing your marketing. It's not making unsubstantiated claims and false comparisons. It's not misleading your customers or hiding facts from the public. All of those are easily grouped into the "lacks integrity" bin of failed leadership.

But what goes in the "act with integrity" pile? Perhaps the best way to understand and ultimately embody this critical virtue is to separate the white light of integrity into its many-colored components.

Five Qualities for Integrity

Five qualities are core to understanding and practicing the virtue of integrity when it comes to leadership: truth-telling, honor, authenticity, trustworthiness, and courage.

For example, "tell the truth." There are few more basic moral injunctions. Truth is powerful, but it's not always popular, which means truth-telling can be an uncomfortable endeavor.

The leadership virtue of integrity requires **honesty** not only in what you say but also in what you allow yourself to hear. An anecdote from Ford describes this well. Alan Mulally, who was CEO of the auto maker from 2006 to 2014, described a first meeting with his senior executive team, one that would be critical to changing the culture of the struggling car company.

In those days, Ford was actually losing billions of dollars, yet the message the new CEO was receiving about the company was bizarrely positive. After a few minutes, he stopped the meeting. "We're going to lose billions of dollars this year," he remarked incredulously. "Why is every line green? Isn't there anything that's not going well here?"

As it turned out, the tendency of the executive culture at Ford was to put a positive spin on things and try to please the boss, not to tell the honest and sometimes brutal truth. In the next business review meeting, things looked different as the Ford team began to get the message—honest communication was expected, even demanded, by their new leader.

Authenticity means being true to ourselves and straightforward with others, whatever situation we may find ourselves in. Of course, this doesn't mean being blind to circumstance. Obviously it's not appropriate to speak out on every subject whenever someone asks us a question, and that's even more true if we represent a larger institution. Some things are private; some are personal.

But conscious leaders aren't obsessed with a need-to-know secrecy, and they don't parse out information at every link on the chain of command as if national security was at stake. Whenever possible, frankness and transparency guide their actions.

PART II: MINDSET & STRATEGY

Find Win-Win-Win Solutions

We all know the archetype: the dealmaker, the negotiator, the shark, the supposedly savvy businessman or -woman who always seems to get the better end of the stick—51 cents or more on the dollar when the deal is made. Their goal is to always "win" the deal. After all, it's a war out there in the business world—isn't it? The overriding goal is to survive and prevail, and crush the other party in the process. There is one winner, and the others are losers. That's just the way it works. Deal with it, sucker.

Now imagine there was a different way. What if there was an alternative ethical strategy that we could use in both leadership and life that would result in positive outcomes for both ourselves and everyone around us?

You've probably heard the term "win-win"—creating positive outcomes for both ourselves and the people on the other side of the table.

Conscious leaders, however, take this mindset one giant step further and simultaneously seek positive outcomes for the larger community—a third win. This community can be defined as widely as we wish to define it. In some contexts, the additional win could be for our families, our religious community, our city, our state, our nation, all humans, all animals, or even the health of the biosphere.

The key ethical idea in win-win-win thinking is that we are seeking to find strategies and solutions that benefit us, the parties we are directly interacting with, and the larger communities that we exist within. In business, that third win typically represents the larger stakeholder group for which the business is creating value—customers, team members,

suppliers, investors, and local and global communities.

The premise is that all the stakeholders are connected and interdependent. By managing the entire system with win-win thinking, we create positive synergies that benefit everyone.

Practicing Win-Win-Win: The Power of Intention

When you're stuck in a difficult situation, one of the best things you can do is to repeatedly affirm your desire for a win-win-win solution to the specific challenge. Hold that intention in your heart and mind, with great conviction. This doesn't mean you immediately jump to a solution—that's different. Rather, focus on your desire for a win-win-win solution to emerge. This practice activates your subconscious creative mind to go on an inner "search process" that can yield powerful, unexpected results.

When your focus is this clear, your deeper, subconscious algorithms are tasked to work on the problem, and sooner or later a solution emerges. Often, it will do so in unforeseen ways—a sudden insight, a wisdom-laden dream, a breakthrough in the shower, an early-morning intuition, a creative leap. A win-win-win solution presents itself. It may feel like magic, but it's not—it's the power of your own intention.

Innovate and Create Value

Ideas. Creativity. Resourcefulness. Imagination. Innovation. That is the real secret of our collective success.

Capitalism is at its best when we deeply appreciate that it's more about the application of human creativity than about the allocation of financial capital. That's why the successful innovator, entrepreneur, and even executive needs to focus on creating value rather than simply creating profits.

Here, "value" simply means the quality of product or service that encourages someone else to want to do business with you. Yes, value is tested in the marketplace, in the crucible of actual trade. But always remember that profits are downstream from created value, not the other way around.

The ability to innovate and create value for your fellow human beings (and sometimes for other secondary stakeholders, like animals or the environment) is a fundamental element of conscious leadership. Leaders have an outsize influence, and conscious leaders think carefully about how to use that influence to inculcate innovation and value creation in individuals, teams, and the organizational culture that connects them.

Innovation Loves Company

We often imagine that the path to innovation involves a heroic individual doing a deep dive into their own unique vision and emerging with some incredible novelty, but the iconic image of the lone creative genius may be oversold. In his book about the beginnings of the personal computing revolution, *From Counterculture to Cyberculture*, Stanford professor Fred Turner made the astute observation that "ideas live less in the minds of individuals than in the interactions of communities."

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Innovation, creativity, and breakthrough ideas require more than networks of interacting neurons in our brains. They depend on interacting networks of actual people—engaging, refining, inventing, imagining, sharing, and building on one another's work.

How can we influence organizational culture to be more creative and dynamic? Here are some strategies for your consideration.

Create the right incentives. Humans are social creatures, constantly looking for feedback, affirmation, and cues from our social tribes. As a leader who is helping to set the tone of a business tribe, be aware of the "possibility field" that you are incentivizing and rewarding. Incentives can be monetary, but they can also be much more than that. One should never underestimate the power of authentic appreciation. If you genuinely reward creativity, new thinking, and innovative ideas, you'll get more of the same over time.

Encourage healthy competition. At Whole Foods, one of the reasons the stores have kept pushing the edge in terms of the customer experience is that they allow a great deal of freedom to innovate at the regional and store levels. Each regional and store team brings new ideas to the table, building and improving on what has come before. A healthy

competitive dynamic is born, with each team trying to outperform the others and come up with more innovative ideas. The best ones get replicated across the company, and the ones that don't work fade away.

Embrace the edges. If you're looking for innovation, you probably won't find it at the heart of the establishment. Genuine evolution and novelty creation often happens on the borders, at the boundaries, in the in-between zones. It thrives in those places where different cultural patterns can mix and mingle, where established rules and conventions hold less sway, and where experimentation and invention can take place free of restrictive oversight.

Think Long Term

If we are going to build a business, an economy, and even a nation that creates sustainable prosperity over the long term, then it's imperative that we look to a longer horizon, understand the dynamics of change, and invest with a multi-year—even multi-decade—timeline.

To do that, we must resist the always present temptation to maximize short-term gains at the expense of longer-term investment. Of course, the short term is always an important part of the picture—that's never going to go away. But when we start harvesting tomorrow's potential value and spending it today—in the form of significant debt, environmental unsustainability, or financial sleight of hand—we are constraining and diminishing the prospects of the future.

As conscious leaders, our goal should always be the opposite: to enlarge and expand the opportunity set of tomorrow in both economic and social terms. We can accomplish this only by keeping one eye on the long term.

Success over the long term, today more than ever, means understanding the relationship between early investments and later rewards. And in our era, like none before, thinking long term requires that we do this in the midst of tremendous uncertainty, unpredictability, and accelerating change.

Thinking Exponentially

Some of the most important leadership mindsets are specific to our time, and none more so than the ability to “think exponentially.” It's a critical subset of long-term thinking.

Thinking long term requires not only stretching our minds further into the future but also learning to think “developmentally.” That means learning how to cognize change

over an arc of time. We don't just see discrete products or services staying the same as time moves ahead, but we see a process—from a version 2.0 to a 3.0 to a 5.0.

What did transportation industry executives think in 2009 as they looked at the picture of the founders of Google with the silly-looking Toyota Prius self-driving experimental car, with its huge, expensive Lidar sensor on top? Did they dismiss it as impractical technology? In that particular moment, it was just that.

How many of them had the developmentally informed foresight to see that only a decade later the technology would be where it is today? Thinking exponentially and developmentally encourages us to explore the trajectory of a given technology over a decade or two, and the perspective we adopt is very different. No longer under the spell of the local and linear, we grasp the process in time, not simply the object in space.

What Business Are You In?

In a world of accelerating change, long-term thinkers must be resolutely attuned to the question “What business am I in?” This is true for the simple reason that business categories are changing much faster than they did in previous decades. Define the answer to the question too narrowly, and you may miss opportunities or fail to see important disruptive developments.

A decade ago, if you had asked this question of Netflix, you might have expected to get the answer “We're in the mail-order DVD rental business.” After all, they practically invented that sector. Luckily for Netflix, however, founder Reed Hastings had a different answer. He knew that Netflix was in the entertainment business. That's why he was able to pivot his company to online streaming and eventually to content creation as technology rendered its previous business model obsolete.

PART III: PEOPLE & CULTURE

Constantly Evolve the Team

In the real world, everything we accomplish is done with and through other people. As leaders, we are only as good as our teams. That may be a cliché, but it's no less true because of it. Given that truth, attracting, hiring, inspiring, developing, and retaining the very best team possible is critical for the success of an organization and its leaders.

For a conscious leader, the health of the team around them is a never-ending project, a living, three-dimension-

At its core, revitalization is all about energy—how we use it, how we can have more of it available, how we understand it, and how we manage it.

al, ever-evolving puzzle that they are always working to complete. They know that the development of the team is not simply something they can outsource to the HR department. Yes, it may take help and support from others, but it also takes care and real engagement.

The journey of a great team begins with good hiring decisions. There are several things to look for when considering the best candidate. Obviously being smart and having a high IQ is important, particularly if the role involves intellectually demanding work. But that's not enough anymore. We also need to carefully evaluate the following:

- **Emotional intelligence.** Team members need to be able to connect with people, listen well, and empathize with what others are feeling.
- **Character.** Does this person have good ethical character? Are they fundamentally going to act with integrity? If not, it doesn't matter how brilliant and capable someone is.
- **Cultural fit.** Just because someone has the relevant experience and was successful in another company in the same role doesn't mean those skills will translate across the cultural divide. A team reacts to a bad cultural fit the way the body's immune system reacts to what it perceives as harmful bacteria or viruses—it creates an immune response to repel the foreign invader.

Once we've hired the right people for the team, the next challenge is to continue to develop a culture in which individuals and teams can grow and thrive. Here are some suggested leadership practices for developing a truly conscious culture:

- Make team member happiness a core value.
- Practice what you preach.
- Create an environment of safety and trust.
- Provide clear goals and reviews.
- Value mentorship.
- Build community.

Regularly Revitalize

For leaders in any field or area of expertise, the power of rest, repose, relaxation, and rejuvenation should never be underestimated. It might seem counterintuitive to suggest that such passive, quiescent activities can be the fount of dynamism and creativity, but that's exactly the point.

At its core, revitalization is all about energy—how we use it, how we can have more of it available, how we understand it, and how we manage it. For high-performance leaders in most fields, these are essential issues.

Sleep, revisited. The foundation of any path of deep revitalization begins with sleep. We absolutely need good, consistent sleep, and not getting it fundamentally compromises the self in ways that science is only just beginning to measure. In fact, trying to be a conscious leader without getting adequate, consistent sleep is like trying to win a football game with an injured defensive line. It makes everything else that much harder. Seven to nine hours: That's what experts are recommending.

Demystifying nourishment. Whole Foods Market always considers healthy eating to be the first line of defense against sickness, burnout, fatigue, and so many other physical difficulties that can lead to unhappy team members and underlie poor performance. That is why they incentivize healthy behaviors—for example, they offer a discount on in-store food purchases that increases as team members reach certain health markers and adopt good health practices, such as not smoking.

Continuously Learn and Grow

In the year 1716, in the city of Boston, a 10-year-old boy was pulled out of school and told he would now be working full time in the family business. He'd been in school for only two years and had shown great promise, but it was little surprise that his father, a soap- and candlemaker, could not afford the luxury of an education for the fifteenth of his seventeen children.

Two years later, the boy was sent to work at his brother's printing press as an indentured apprentice. You might think that was the end of this young man's education—that, like so many of his peers, he became a career tradesman, getting by on basic reading, writing, and arithmetic skills.

But no. An unusual passion for learning had awakened in his young mind, and he spent every penny he earned on books, even forgoing meals so he could buy new ones. He taught himself to compose articles and essays through rigorous study and practice. This young man would grow up to become one of the most renowned polymaths in American history, despite less than two years of formal education. His name? Benjamin Franklin.

Franklin, one of the greatest conscious leaders of all time, provides an excellent example of what can be achieved through a lifelong commitment to continuous learning and self-improvement.

The Liberation of Lifelong Learning

What does it mean to learn, grow, and develop as an adult? Learning is perhaps the simplest of those concepts, though science is now discovering that there is more to it than meets the eye. A conscious leader does not limit their learning to the immediate demands of their job or industry. Many of the greatest leaders are voracious learners, reading and studying widely in fields that are seemingly unrelated to their own. They read literature, history, science fiction, biographies, comic books, philosophy, and more.

One of the goals of learning and growing is integration—the capacity to better integrate insights from a wide range of ideas and disciplines in sensible, thoughtful ways. The ability to allow one's intellect to range widely across fields,

to cross-pollinate diverse ideas, to find patterns across disciplines, and to “see the forest” is crucial in our data-saturated age. If you are at the helm of a company, team, project, or group of people, you need to know a little—even more than a little—about a lot.

If we truly want to learn, in all the many dimensions of what that word means, we also need to occasionally set aside quantity for quality. We must dive more deeply into the long-form article, the absorbing book, the engaging documentary, the enriching dialogue, the inspiring inquiry, the edifying conversation.

A life of conscious leadership demands that we find ways to express our deepest convictions and highest calling in the actions we take every day.

If we walk this path with integrity, purpose, and love; if we're in it for the long haul and we approach the journey with a great spirit of creativity and mutual benefit; and if we care deeply for ourselves and the teams we share the journey with, we will discover the essential spirit of conscious leadership. Our lives, our organizations, and our world will be better for it.

IF YOU LIKED THIS SUMMARY, YOU MIGHT ALSO LIKE:

- *Radical Candor: Be a Kick-Ass Boss Without Losing Your Humanity* by Kim Scott
- *Bring Your Human to Work: 10 Surefire Ways to Design a Workplace That Is Good for People, Great for Business, and Just Might Change the World* by Erica Keswin



John Mackey is the CEO and co-founder of Whole Foods Market, co-founder of the nonprofit Conscious Capitalism, Inc., and co-author of *Conscious Capitalism*. He has devoted his life to selling natural and organic foods and building a better business model. Steve McIntosh is the author of *Developmental Politics* (Paragon House, 2020) and the president and co-founder of the Institute for Cultural Evolution. Carter Phipps is the author of *Evolutionaries* (Harper Perennial, 2012) and co-founder of the Institute for Cultural Evolution, a nonprofit social policy institute.

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