Economics, Psychology, and Professional Coaching IV: Micro-Economics

William Bergquist, Ph.D.

Coaching Challenge III: Commodities vs. Human Services

Commodities

Supply: Nonrenewable resources. Limited (Meadows, et al. *Limits to Growth*, 1972)

Demand: Increases with scarcity

Demand: saturation reduces demand

Human Services

Supply: Renewable resources: Unlimited

Demand: unlimited, never saturated (e.g. lifelong learning) (Botkin, Elmandjra and Malitza, *No Limits to Learning*, 1979)

Behavioral Economics

Lasting value of experiences: greater "kick" in recall of experience than in the initial experience

Rapidly declining value of physical objects

Market exchange vs. Social exchange

The behavioral economists make in important distinction between something they call a *market exchange* and something they call a *social exchange.* A market exchange is directly aligned with our concept of the economic exchange associated with the psychological contract. We pay for services and expect something in return. The person who contracts with us to do some housecleaning or grocery shopping has engaged in market exchange with us. By contrast, there are relationships we have with important people in our life that are social exchanges. This includes big things, like our marriage vows, parental commitments and attendance at baby christenings and funerals. It also includes smaller things like bringing a bottle of wine to dinner at a friend's house or a bouquet of flowers to our injured neighbor's hospital bed.

One of the classic examples of social versus market exchange (that is frequently offered by behavioral economists) centers on Thanksgiving Dinner (an important tradition in the United States and Canada). We go to our aging parent's home to celebrate this event with all members of the family being present. We foolishly interpret this as a perfect time for a market exchange. We calculate the total cost of the meal and divide this cost by the number of family members who would be present.

The final step is to multiply the per person cost by the number of members in our family who will be attending the dinner and prepare a check for this amount that we hand to our mother. What happens? She is shocked and wonders what has happened that would lead to this great insult. Disengagement takes place immediately, and the turkey is served on a "cold platter." Rather, we should have brought our favorite vegetable, the dessert or at least some bread. Maybe

some flowers or a small gift (such as candles or a box of chocolates). This is what social exchange is all about: traditions, personally prepared gifts, a hint of beauty, perhaps some sweetness.

Commodities

Usually is market exchange

Social exchange: bartering

Human Services

Often social exchange

Often confusing when market exchange (e.g. psychotherapy)

Pro bono

Meta-Coaching Challenge: coaching clients must discern the differences between the economics of commodities and human services and between market and social exchange.

Coaching Challenge IV: Explicit/Implicit Assets

Valuing an organization's assets

Tangible fixed assets (can be depreciated)

Nontangible assets (e.g. good will, reputation, knowledge and skills of employees) (can't be depreciated) (devaluing learning and development) (writing the book about accumulated wisdom: "how to")

The issue of measurement and scale certainly comes into play in all large-scale organizations. The larger the organization, the more difficult becomes the problem of measurement and scale. At one level of analysis, for instance, a corporation looks very successful. It's short-term profits and investments look impressive; morale is great among the executive staff; the competitors look weak and disorganized. At another level, however, the corporation looks like a disaster waiting to happen. Longer term financial projections suggest major loses, personnel reports suggest slowly brewing labor problems, marketing analyses suggest drops in consumer demand, the entry of new competitors into the marketplace or a technological breakthrough will change the current rules of the game. Which level of analysis is to be believed? They are both correct. However, one report is likely to be sent to the corporate board of directors and stockholders. The other report is submitted to the executive officers of the corporation. Which report, if any, do the union leaders receive?

Even in a small organization, the scale and measurement problem can be profound. The owner of a small consulting firm, for instance, suggests in his organization: "this idea that different realities exist dependent upon the vantage point from which one observes the organization can be difficult to conceptualize, if not impossible to believe." He notes that his organization is a small S-Corporation from the perspective of the United States Government. It is a minimally capitalized company with gross revenues of less than $ 500,000. There are three full-time employees and five to ten part-time employees, a president, vice president, secretary and treasurer. At

this level, it is essential that the organization is clearly and consistently organized, and that it looks as traditional as possible. By contrast, from the perspective of the owners, the organization is primarily intended to fulfill their own interests in autonomy and one of their shared hobbies (which is at the heart of the business). From the owner's perspective, it isn't even considered an organization at all since it is run out of the home of one of the owners. From the perspective of this organization's customers, it is usually considered a part of a totally separate organization that markets its services.

If the IRS took either of these latter two (owner or customer) perspectives, then it would probably see chaos rather than the order that is conveyed in the organization's tax returns, corporate papers and other legal documents. The IRS might try to rectify this chaotic situation by asking the owners of this organization to clarify their boundaries with regard to both affiliation with the second organization and the location of the business in their home. Similarly, if the customer saw that this was a small independent business rather than being part of the larger marketing firm, they might take their business elsewhere. This organization would seem to be "unbusinesslike" and chaotic. Finally, if the owners were truly restricted by the guidelines of the IRS, or complied with the expectations of their customers for a "real business," then they probably would fold up their tent and move into some other line of work. This small business owner suggests that:

> It is the realization of altered realities that is becoming the more common experience in part because of the increasingly eclectic nature of today's postmodern world. The postmodern experience demands an expanding view, one that can hold two or more realities no longer as contradictions. We are thrown into chaos every time we look in a new direction or alter our point of reference unless we operate out of a new postmodern paradigm. For a moment we find a level of observation that orders what we see, but we can not be married to that single perspective for long or chaos is the result.

The problem of scale and measurement may go even deeper in our postmodern world. A member of the staff in a major governmental accounting office recently spoke with the author about problems in his office. The U.S. government simply can't measure anything of importance with any accuracy, given the enormous size of the organization. Costs can only be estimated, for the assignment of expenses throughout the government to particular line items is often arbitrary. Only a very small percentage of the bills being paid by the Federal Government can be reviewed by an auditor, for the time and complexity associated with the review of all bills would be prohibitive. Thus, we approximate the costs of governmental programs, much as we approximate the population in the United States, based on our latest census report.

DeSoto: Mystery of Capital

The Human Factor and Human Capital

At the heart of the matter regarding the effective functioning of an organization resides a fundamental tenant: *the appreciation of human capital in an organization and ways in which this appreciation leads*

to the powerful, energizing release of this human capital for the achievement of organizational success. To better understand the nature of this tenant I turn to the field of economics and, more specifically, to the work of an eminent and highly influential international economist, Hernando De Soto.

De Soto recently offered an insightful analysis of the reasons why some countries in the world have capitalist economies that thrive, while other countries have been unsuccessful in their enactment of capitalism. As a Peruvian who has consulted with the leaders of many third world and former communist countries, De Soto is fully aware of the problems encountered by these leaders in seeking to embrace Western capitalism. He believes, however, that the problem resides not in the absence of capital in these countries, but rather in the formal and legal processes whereby the vast capital that already exists in these countries is recognized.

In making his case for new strategies to bring these countries to economic prosperity, De Soto offers the analogy of a lake that holds unrealized potential:[i]

> Consider a mountain lake. We can think about this lake in its immediate physical context and see some primary uses for it, such as canoeing and fishing. But when we think about this same lake as an engineer would by focusing on its capacity to generate energy as an additional value beyond the lake's natural state as a body of water, we suddenly see the potential created by the lake's elevated position.

De Soto suggests that many third world countries are like the lake. They possess many assets that have never been fully recognized. These assets can't be fully used as leverage for new investments, can't be traded on the open market, and can't be fully protected when disputes regarding ownership arise.

I propose that similar conditions exist in contemporary organizations. They also possess massive resources that are rarely realized in terms of their full potential. These resources are the talents, energy, commitments, skills, ideas and knowledgeable insights that emanate from those who work in the organization. This vast human capital stands as a lake that holds deep, unrealized potential. *An appreciative organization is one that fully realizes this human resource potential, and thereby releases its human capital, in full alignment with the fundamental mission, vision, values and purposes of this organization*.

De Soto suggests that two challenges confront a third world country. First, leaders of the country must formally recognize the capital that currently exists in the country. Second, these leaders must discover or invent a mechanism for converting this capital into a sustainable form that is useful to the country and promotes the welfare of the country. Returning to the analogy of the lake, De Soto suggests that:[ii]

> The challenge for the engineer is finding out how he can create a process that allows him to convert and fix this potential into a form that can be used to do additional work. In the case of the elevated lake, that process is contained in a hydroelectric plant that allows the lake water to move rapidly downward with the force of gravity, thereby transforming the placid lake's energy potential into the kinetic energy of tumbling water. . . . As electricity, the potential energy of the placid lake is now fixed in the form necessary to produce controllable current that can be further transmitted through wire conductors to faraway places to deploy new production.

Similarly, for the leader of an appreciative organization, the first step is one of recognizing the exceptional competencies that already exist in the organization. The second step is to convert these competencies into fixed and sustainable forms that can further the intentions of the organization. According to De Soto:[iii]

> What was required [in realizing the potential of the mountain lake] was an external man-made process that allowed us, first, to identify the potential of the weight of the water to do additional work and, second, to convert this potential energy into electricity, which can then be used to create surplus value. The additional value we obtain from the lake is not a value of the lake itself (like a precious ore intrinsic to the earth) but rather a value of the man-made process *extrinsic* to the lake. It is this process that allows us to transform the lake from a fishing and canoeing kind of place into an energy-producing kind of place.

The same holds true in an appreciative organization. It is not the structures, processes or culture of the organization that make it successful. Like the lake, these elements of the organization only hold its potential; they are not, in and of themselves, the realization of this organization's potential. An appreciative organization is successful in our contemporary world, because the value of these structures, processes and culture is acknowledged. *Appreciative strategies enable the leaders of an organization to fully engage these structures, processes and culture in alignment with the organization's intention*.

De Soto has something more to say about capital. His wisdom is directly applicable to our understanding of appreciative organizations. Like the potential energy of the mountain lake, capital is dormant until such time as it is put to use:[iv] "Bringing [capital] to life requires us to go beyond *looking* at our assets as they are to actively *thinking* about them as they could be. It requires a process for fixing an asset's economic potential into a form that can be used to initiate additional production." Similarly, it is not enough to identify and enumerate the sources of strength in an organization. It is not enough to appreciate the contributions already made, or to be made in the future, by members of an organization. An appreciative organization has embraced a way of "actively *thinking* about" these strengths as they might be fully engaged by the organization.

The Nature of Human Capital

Human capital may seem to be a dehumanizing term. This is because the word *capital* is usually associated with money and economic values, not with people or humanistic values. Then why use the term, human capital? This seems particularly inappropriate if we are going to take an appreciative approach in addressing the challenges of contemporary organizations. People are not just figures on a balance sheet. We can't place a price on the head of any employee.

There are several reasons for embracing the concept of human capital. First, we can return to older meanings of the word capital. During Medieval times, the word capital referred not to money but rather to livestock. The primary medieval concern about capital centered on animal husbandry. Having acquired the land, how does one create an environment—in this case, a pasture—that is conducive to health, growth and vitality? Capital in medieval times was dependent on how much land one owned. It further depended on what the landowner did with his land and with those populating this land, whether they are cattle or people. Much like the engineer facing the lake, the medieval landowner had to release the potential of his land through the raising of cattle. Otherwise, the land was worthless.

The land may be beautiful to view, or it might even be a site of historical importance. But it is of no practical value to the landowner. Pastures are living systems and contemporary organizations are living systems. *I propose that capital in an appreciative organization is primarily concerned with people and humanistic values, rather than with money or economic values*. The potential of the contemporary

organization is still only realized when a nurturing environment is created where human beings can thrive and find sustenance—much like the cattle of medieval pastures. Thus, I use the term *human capital* in this book to remind us of the living nature of most forms of capital extant for the past five to six hundred years.

I use the term human capital for yet another reason. Modern accounting principles identify human resources as either a financial expense or a financial liability. While land, buildings and machines are assigned a financial value and categorized as organizational assets, the salaries being paid employees are categorized as expenses. Long-term employment contracts may even be categorized as liabilities. Consequently, a financially savvy manager will recommend that machines replace employees, so that the organization's expenses can be reduced and its assets can be increased. We must counter this shortsighted assignment of employees to the deficit side of the financial ledger by repeatedly noting that the knowledge, skills and aptitudes of employees are viable and tangible assets.

Machines and buildings are not the only assets of an organization. The talents of employees also belong on the ledger. While it will be very difficult to change the standard accounting principles, it is possible for us to restore the concept of human capital and to identify the means by which this capital can be assessed and assigned a value. When we take this stance, the appreciative perspective acquires some muscles. It moves beyond the softer dimensions of appreciative inquiry. The appreciative perspective becomes something more than a vague statement regarding the important role people play in organizations. *Appreciative leaders embrace strategies and frameworks that put human talents and machines on an equal financial footing and that place people at the heart of the enterprise rather than in a peripheral position*.

I use the term human capital for a third reason. I use this term to honor the insights offered by Hernando De Soto. He doesn't use the term appreciation, nor is he likely to be aware of appreciative inquiry. However, his commitment to finding and securing the wealth that is to be found among the poorest people in the world is among the most disciplined and humane form of appreciative analysis to be offered during the past decade! I hope that my own analysis of hidden human capital in contemporary organizations does justice to De Soto's illuminating analysis of capital in underdeveloped countries.

The Release of Human Capital

The word *release* has several interesting meanings, each of which helps inform the strategies being described in this book. One meaning of the word concerns the removal of barriers so that a dynamic system might move forward in a specific direction. De Soto's mountain lake illustrates this use of the term. When engineers design a system to make full use of the potential energy contained in the lake's water, they construct some device that first holds back or channels the water, then releases it through a system of turbines. In a similar manner, the role of leadership in an appreciative organization is to identify strengths in the organization. They then structure and channel these strengths, so that they might be released with maximum impact. Appreciation is not just a process of recognition; it is also a process of design. *Appreciation provides direction for the dynamic forces that operate in an organization*.

The word release also conveys the idea of being set free, of being unbound. Release enables a transformation from captivity to freedom. Restriction, repression and confinement are removed, as in a

convict's release from prison. From my own experiences as an organizational consultant and coach, I know that the appreciative strategies offered in this book are often experienced as a release from a psychic prison for the employees who benefit from their use. I propose throughout this book that the traditional deficit approach to human resource management is outmoded in a Twenty First Century world that is filled with knowledge workers and independent contracts.

The deficit approach is destructive. It discourages innovation and depresses employee morale. It imprisons people, who yearn for liberty. De Soto proposes that poverty doesn't eliminate the accumulation of capital, it only eliminates the capacity of poor people to make use of the capital they have accumulated. Similarly, a deficit approach to human resource management doesn't eliminate the knowledge, skills and aptitude of an organization's employees; it only eliminates the capacity and willingness of these employees to reveal and make use of these competencies on behalf of the organization. An employee who is released from the prison of negativity and deficits will be released on her own recognizance. She will be free to make choices and be appreciated for distinctive contributions she makes to her organization.

A third meaning of the word release suggests yet another dimension of the appreciative organization. Release describes expansion and the act of giving out to the world. We feel a sense of release after a session of yoga or after listening to a Bach fugue. We are released from our sense of ego and self when we meditate or when we participate in an ancient ritual. We are released from our personal concerns and our preoccupation when we attend to another person, when we understand how members of another department in our organization perceive a particular event or when we can empathize with the complex challenges facing a leader in the Twenty First Century. This act of recognition and compassion resides at the heart of any act of appreciation. *We see. We understand. We honor*. This is the implicit credo of any appreciative organization.

There is a fourth meaning that comes from breaking the word into two parts: *re* and *lease*. When we examine the word from this perspective, it reveals a fundamental principle of appreciation. To *re-lease* is to reclaim or re-establish a trusting relationship. We take a new *lease* on life or renew our lease on a home or office. In appreciative organizations, we are mindful of the value inherent in rituals of re-commitment and re-newal. We honor the work already done and acknowledge the contributions made by all members of the organization to its distinctive character and achievements. *Appreciative perspectives always involve re-cycling through phases of reflection and action of an organization*. Appreciative leaders are always learning from past successes and challenges, while also leaning into the future. There is always rich learning to be derived from any organizational experience, be it a success or a failure. *For everything there is a season*.

Implicit vs. Explicit Costs

> Implicit Costs: opportunity costs associated with using resources already owned for one purpose rather than another.
>
> Explicit Costs: tangible out-of-pocket expenses

Social construction (creating accounting reality) (accrual method vs. Cash method)

Ariely (2012, p. 264) writes about "white lies in a gray world." He establishes an important point that "some level of dishonesty Is actually needed in society." Life, noted Ariely, is never all Black and White. "When we're making decision, we're looking at a lot of pros and cons all jumbled together into a spectrum of grays. Our motivations—no matter how honorable—often counteract other motivations." This is relativism at work! This is VUCA Plus in full display.

In the relativistic culture there is "fungible" truth". One reality can readily be exchanged for a different reality. Relativism thrives in the virtual world. We find, for instance, that avatars (virtual representations of ourselves) are found in abundance on the Internet (especially in Japan). Young Internet-savvy people live through the image that they chose to represent themselves. No one actually sees their face or even knows who they really are. These images can readily be changed.

Even our personal identity becomes relativistic. Highly sophisticated reality games become the world in which these young people live and where they fight imaginary dragons. Rather than confronting the real-world foes that would be encountered if they held down a "real" job, the Avatar-clad game-players can engage in battles where no one actually risks anything. The game can always be changed. All outcomes are relative. Nothing is ever truly gained or lost. Much as in the case of our dream.

Ariely writes about "fuzzy reality" (Ariely,2012, p. 6). We play with numbers until we are "convinced that the numbers truly represent the ideal way" in which to negotiate our financial world (Ariely, 2012, p. 83). Similarly, we engage narratives as a way to negotiate other domains in which we operate (Bergquist, 2021). Ariely (2012, p. 65) turns to the game of golf when describing this slippery slope to dishonesty:

> When our actions are more distant from the execution of the dishonest act, when they are suspended, and when we can more easily rationalize them . . . every . . . .human on the planet . . .find[s] it easier to be dishonest. . . . [Everyone has] the ability to be dishonest but at the same time think of themselves as honest. And what have we learned . . . ? We}l. When the rules are somewhat open to interpretation, when there are gray areas, and when people are left to score their own performance-even honorable games such as golf can be traps for dishonesty.

Imagine what it is like when the "game" is not golf – or even the game of "business" and generating income? Imagine what happens when the "game" is existential in nature—we play the "game" in order to survive and in order for the world as we want it to be continues to operate or transforms into a world in which we want to live. The pull to dishonesty and clinging to a "false" truth is even greater. Changing a golf score is one thing. Changing our perception of the world is a quite different matter.

Meta-Coaching Challenge: client must manage organizations in which both tangible and nontangible assets are present and in which nontangible (but critical) assets are being undervalued (in public sector)

Coaching Challenge V: Psychology of Incentives

Opportunity costs

> Lost chance to do something else (regret) (Mateer, Copporck and O'Roark (MCO), *Essentials of Economics*, 2021, p. 304)

The Psychology of Regret

A friend of mine plays the lottery and recently bought some tickets for a "Power Ball" lottery that apparently had accumulated quite a large sum of money for someone to win. Having been doing quite a bit of reading in recent years about something now called "behavioral economics", I began to think about what must be going through the minds (and hearts) of those who did NOT win the lottery.

Specifically, I was wondering what it would be like to have a lottery ticket that is only one number off from the winning ticket—if this is a lottery where you get to pick your own number. Or what about the person who holds a ticket that was purchased at a store where the winner also bought her ticket? What if you purchased your lottery ticket one minute before or one minute after the winner bought her ticket. The behavioral economists do research on and write about the impact of almost wining something. It is the person who is just a moment away from success or that could have won "if only" that shows the strongest signs of regret.

Having missed the lottery by one number is much more painful than missing it by twenty numbers; it is also much more painful if the lottery ticket was purchased in the same store at almost the same time as the winner ("if I had only not purchased that extra box of cereal and gone directly to the check-out counter to get the winning ticket!"). What do we do after we experience the regret? What decisions do we make and what actions do we take? Do I say "chance passed me by . . . " In which case, I'm going to avoid this lottery at all costs in the future. Or so we say "I'm so close I can taste it" and participate even more earnestly in this lottery.

Behavioral economists like Daniel Kahneman observe that regret evokes much stronger emotions that either the thrill of winning or the agony of defeat (and loss). There apparently is nothing more motivating than seeking to avoid regret for a decision that was wrongly made or for a decision that was not made.

And it might also be the case that nothing is more decisive than the decisions we make and actions we take post-regret.

What about the men and women we coach—either as a personal coach or coach to an organizational leader. What role does regret, the avoidance of regret, and post-regret decisions and actions play in their lives and work? In what ways, if any, do we help our coaching clients address the dynamics of regret?

As a starting point, I would suggest that the following questions be posed. These questions might engender reflections by our clients about the dynamics of regret in their own life and work:

In retrospect, what decisions and/or actions would you choose to change over the past (three months, six months, year)?

Why would you make these changes (if any)? What real difference would they make in your life/work?

What do the decisions you have made and actions you have taken during the past (three months, six months, year) tell you about your personal values and/or about your perspective(s) on life and the world in which you live?

What do your regrets about decisions not made or actions not taken (during the past three months, six months, year) tell you about your personal values and/or your perspective(s) on life and the world in which you live?

When you have been confronted with regret what decisions do you subsequently make that are influenced by the regret and what actions (if any) do you take?

There are many other questions that might be asked about "the road not taken" or "the wrong road taken." These reflections about regret will often be accompanied by strong emotions—so we need to be prepared to witness these emotions and sit with our client as they explore the nature, extent and ramifications of their regret. It is also critical that we move forward with our client beyond the regret. We move with them into the future. I often talk with my clients about "leaning into the future" (an important part of an appreciative perspective in the coaching process). Leaning (and learning) into the future is particularly important with regard to regret--because we can readily be frozen in our regret and not move beyond it. Alternatively, we stumble into the future filled with unprocessed emotions and unresolved internal conflicts. We have to remind our clients (and ourselves) that there will be many more lotteries in our

future. There are many more paths to be taken, more decisions to be made and more actions to be taken in our future – and they can be directly aligned with our values and perspectives. So, forward we move . . .

Gains/Losses/Regrets

Shifting incentives: career anchors (group and sea/surface)

Career Interests

More than anything else a successful career requires high levels of sustained motivation. It is about the willingness to work hard and persevere—often overcoming major resistance and failure. It is about the ability and willingness to act quickly—taking advantages of a unique opportunity and not looking back. No regrets. These characteristics, in turn, require alignment between the enduring aspirations of the individual and the work being done. These enduring aspirations are founded in a dimension of human life known as the "career" which (as Edgar Schein notes) is the point of intersection between personal aspirations and organizational intentions.

A Metaphor

Each career is usually anchored in one or more specific cluster of values and behavior patterns. Schein identifies eight anchors or themes that are commonly found among all people who are motivated to work. He has shown that people will prioritize preferences for specific anchors. For example a person with a primary theme of Security/Stability will seek secure and stable employment over, say, employment that is challenging and riskier. People tend to stay anchored in one area and their career will echo this in many ways. Schein also suggests that when a person's work is not aligned with their primary anchor(s), they often are not motivated to work hard and in a sustained manner.

While Schein makes very effective use of this "anchor" metaphor, we propose that two different types of "real" anchors must be taking into account. There are differing ways in which these real anchors operate. The first type of anchor is the so-called bottom anchor. This is the large and very heavy anchor that most of us non-nautical folks envision. The bottom anchor consists of a shaft with two arms and flukes at one end and a stoke mounted at the other end (which digs into the floor of the sea or ocean bed once the boat begins to move and provides tension on the chains connecting the anchor to the boat).

The second kind of anchor is called a sea anchor (also called a drift anchor or drogue). It typically is not as heavy as the bottom anchor and is often shaped like a parachute or cone with the larger end pointing in the direction of the boat's movement. We propose that the second of these two types of anchors functions in a manner that more accurately typifies 21st Century careers than does the first type. While ground anchors keep a boat from moving very far from it mooring and use the sea floor as the base of resistance, the sea anchor is primarily used to slow down (but not prevent) the drifting of the boat and is used to help orient the boat with regard to wind and tides.

In a parallel sense, we propose that 21st Century career anchors do not lock a motivated member of an organization in one particular place—rather it provides orientation and enables the member of an organization to avoid drifting too far "off course." Given this suggested variation in Schein's use of the career anchor metaphor, we would still support his characterization of eight fundamental anchors and propose that we can apply his eight anchors in our work as coach-based consultants (CBCs).

Having set the stage, we will briefly describe each of the anchors and suggest several ways in which a coach-based consultant can best work with clients who rely on one or more of these sea anchors. We begin with the anchor that is aligned with career interests that focus on creativity.

Creative Career Interests

This is the classic brave and visionary pioneer. These men and women make full use of the shifting sea anchor. They like to invent things, be creative and, most of all, run their own businesses. They like working with other people, but want to own (or at least control) what they create. They differ from those who seek autonomy in that they will share the workload but are like the autonomous CBC client in their interest in control. They find ownership very important. They easily get bored. Wealth, for them, is a sign of success.

How might a coach-based consultant be of assistance to a creative client? First, it is not unusual for the creative CBC client to be stretched beyond their capacity (or the capacity of their co-workers). The CBC coach/consultant can be of great value in helping her client not only fully appreciate his own capacity and the capacity of those working with him, but also in helping her client make the tough decisions regarding priorities once the capacity-limits have been reached. The sea anchor is shifting to such an extent that the client's orientation and priorities might be unclear—leading to overwork and frequent loss of focus.

The CBC might ask challenging questions regarding priorities: "What is really important to you with regard to this project?" "Why have you chosen to work on this project rather than project Y?" The coach/consultant might also ask challenging questions regarding her client's capacity-limits: "How will you know when you've reached your limits?" or "You seem to be often exhausted (or are often complaining of being overworked or of having no time for yourself) . . . could this mean that you are at the limit of your capacity?" or "When does your body (or your heart) (or people who you love) tell you that you've pushed too hard (or need to slow down)"?

What if the limit has already been reached? In this case, the coach-based consultant might assist her client by suggesting ways in which he can find support for a difficult decision to back away from some of his current initiatives or at least not take on new ones until some of his current work is finished. This support might come from co-workers, from a boss or board, from friends or from a significant other in the CBC client's life (the significant other is probably also suffering from the client's over-commitments). While support may be needed, the coach-based consultant can also provide some challenge—some hard love—in pushing his client to take some action to reduce the amount of work in which he is engaged. This is part of the irony of creative CBC clientship: this person will often be willing to take on almost any project other than the most important one—the project of slowing down, conserving resources and setting priorities.

It is only when this very difficult task of setting limits occurs that the creative CBC client avoids the burnout and abandonment which is so common among these men and women. The creative fantasies that serve these clients so well in the world of design and innovation often do not serve them well when it comes to acknowledging the realities of their own life. A coach/consultant to the creative client must navigate a narrow path in encouraging the creative CBC client to be more realistic about their own energy level, priorities and emotional state, while also not dampening the creative fire which these gifted men and women bring to their work.

Technical/Functional Career Interests

This second kind of career interest is also well known—though folks with this interest are not frequent users of CBC services. These are the inventors – the nerdish engineer who builds a new computer or the teenage-genius who designs a new software program. These men and women are the legends of Silicon Valley and other high tech centers around the world; yet, they are not necessarily the high flying legends of high tech. They might instead own a repair shop or work on a new invention in their garage. They might paint pictures or write novels – in hopes of making a few bucks and demonstrating their technical skills (while not as a rule being at the cutting-edge of their craft). These are the clients who (with little fanfare) design a new building (as architects), a new treatment program (as physicians or social workers) or a new financial program (as bankers or investment managers). These CBC clients might not be the next Thomas Edison, but they can make major contributions to our society and can generate considerable wealth for themselves.

Why aren't these technically and functionally competent people considered to be "CBC clients"? First, they don't fit the mold. Their sea anchor is not likely to move very far and they are often described as stable and risk-aversive. These clients often work behind the scenes and usually seek out someone else to actually run the business (unless they are super arrogant—in which case they often fail). They often look to partner with someone in one of the other career interest categories—in particular the managerial interest.

Second, these men and women often do not consider themselves to be creative or innovative. They are more likely to think of themselves as simply "doing their job" or "building on work already done by other people." The very notion of technical or functional competence suggests that this person has learned their "craft" and they have received substantial and superb training in providing this craft. Yet, they are knowledgeable enough and gifted enough to move beyond what they learned from other people. They have advanced their craft and have taken risks while engaging in this advancement—thus they are indeed CBC clients.

How, then, does a professional coach-based consultant work with the technical/functional client? As a coach/consultant to this kind of client, it is important to recognize that this kind of person likes being good at something and will work hard to become an expert. They like to be challenged and then use their skill to meet the challenge, doing the job properly and better than almost anyone else. They are competitive—though this competitive spirit is often hidden under a veneer of rationality, understatement and apparent modesty. These CBC clients want a standard against which they can work. This is one of the reasons why they are usually not considered to be very creative.

Given this general profile, their coach-based consultant is likely to be more successful if he helps his client gain access to the less rational and "softer" side of her work life (and, if appropriate, her personal life). As Jonah Lehrer has noted in his account of successful intuitive thinking, the work of a gifted technician or functional "genius" is often more a matter of hunches, approximations and visions than the technical/functioning client may be willing to admit. A CBC can help his client by encouraging her to reflect back on and fully appreciate the elements that went into a "breakthroughs" in her work. She needs to acknowledge all of her strengths and competencies—not just those that can be measured with a yard stick (or comparable metric). The CBC client will gain an even greater competitive edge if she can fully access and appropriately engage these other sides of her competency.

The technical/functional CBC client is also likely to have only limited access to her own emotional life and may find it difficult to work with other people—the domain of emotional intelligence that has become popular in contemporary management literature. A successful coach/consultant will work with this type of client on the interpretation of other people's behavior and on the appropriate responses to this behavior. The CBC might ask such questions as: "Why do you think Jim gets angry when you offer him advice on the use of this equipment?" "When you take over responsibility for this project, why do you think other members of the team might get annoyed?" "What would be a more effective response to Susan's withdrawal from active participation in the department meetings?"

At a broader level, the CBC client who is oriented toward technical and functional competency is likely to be a bit short-sighted in her perspectives regarding the work she is now doing and will be doing in the future. While the creative client is inclined to be unrealistic in his assessment of current work (dreaming of the future and unrealized possibilities), the technical/functional CBC client is likely to be caught up in the current work and enthralled with what she is now doing—giving little consideration to the boarder or future implications of her work. Her coach-based consultant can be of great assistance in helping her become more strategic in her thinking, rather than just being a very skillful tactician.

This type of CBC client doesn't need to become more realistic, she needs to be a bit more visionary. Often she will not recognize the full potential of her breakthrough. If we re-examine the life and work of Thomas Edison, for instance, we find that in many instances he was not himself the inventor. Rather he saw the potential in the ideas being offered by other people (inside and outside his laboratory) and brought these ideas to fruition. In many ways, Edison represents the third type of CBC client (managerial)—to which we are about to turn. A successful coach-based consultant to the technical/functional CBC client will often engage (like Edison) in helping his client realize the potential of her work

Managerial Career Interests

This third type of career interest is all about driving to success with and through people. These CBC clients actually like the process of working with other people, whereas most other CBC clients only work with other people to increase the chances of success with the product or service they are creating and selling. For clients with managerial career interests, people are not just a means to some end—they are what it is all about. The process of management is often itself a major part of the invention being offered:

a new way of managing, a new way of rewarding people, a new way of coordinating diverse activities spread throughout the world.

These CBC clients typically need to collaborate with someone who is concerned with content (product or service line) since they are primarily concerned with process. They can work in almost any field, given their primary concern about people rather than specific content. Unlike technical/functional clients, the managerial clients want to be managers—and they want to be managers not just to get more money, although the financial rewards may be used as a metric of success. These men and women like collaborative problem-solving and dealing with other people. They thrive on responsibility. To be successful, they also look to emotional competence in themselves and the people with whom they work. Success for these CBC clients is tied up with emotional intelligence. If they are not smart about other people, then they are likely to fail.

What about the role of a coach-based consultant who is working with this type of client? The key coaching/consulting challenge for these men and women often concerns boundaries and (ironically) interpersonal issues. First, we will look at the boundary problems. These CBC clients often care too much about other people or about how other people view and evaluate them as managers and "people persons." The managerial CBC client is likely to be oversensitive to criticism offered by their co-workers and will often seek approval rather than effective performance.

These clients need a bit more autonomy; however, their coach-based consultant can't make their client become more autonomous (which would mean that the coach/consultant is doing exactly what their client shouldn't be doing—taking on the problems of other people). A CBC can ask the important and often difficult questions that encourage her client to reflect on his boundary issues: "Is this really your problem, or should it be addressed by Kevin himself?" "Why did you leave this meeting taking over responsibility for this project from Susan?" "When are you most likely to feel that your co-workers have taken advantage of your generosity?"

It is often useful to use the metaphor of the "monkey" when working with the managerial CBC client. The monkey in any working relationship is the problem being addressed. Who owns the problem (monkey) and does the monkey leap from the shoulder of one person to the shoulder of another person? The monkey is particularly inclined to leap onto the shoulder of a managerial CBC client and to remain on her shoulder (even growing into the size of a gorilla when the CBC client begins to further worry about the problem.) A coach/consultant to this type of client can be of great value in helping to identify the monkeys that currently sit on the CBC client's shoulder and to identify on whose shoulder each of these monkeys should reside.

There is a related interpersonal issue that often should be confronted by the managerial CBC client with the assistance of her coach-based consultant. This issue concerns interpersonal disappointment. The managerial client not only is inclined to take on the problems that should be owned by other people, she also is inclined to blame the other person for not taking over ownership of the problem. Typically, the managerial CBC client was not clear in the first place about who should own the problem and usually has never shared her disappointment or blame with the other party. This unarticulated "blame game" can often lead to burnout on the part of the managerial CBC client and a growing apprehension on the part of

co-workers about the unexpressed anger and frustration being held by the CBC client: “Jim is a time bomb who is ready to explode at any moment!”

In addressing this problem, the coach-based consultant can encourage a managerially-oriented client to not only express her frustration and anger but also become more fully aware of the interpersonal dynamics associated with the monkey’s leap. Does the client take on the monkey when she is praised for being a wonderful helper or listener or when she is feeling sorry for the other person? Does the monkey leap onto her shoulder when she is asked to give advice or when the other person declares that the problem is unsolvable or too big to handle? Having identified the dynamics that occur, the CBC can assist his client to identify alternative ways in which to keep the monkey from leaping over to her shoulder. Some role playing can be of value and the coach-based consultant can model effective interpersonal relationships by not himself taking on the monkeys of his client!

A second coaching/consulting strategy to use in addressing the interpersonal disappointment of a managerial client is based in the process of appreciation. The coach-based consultant can help his client recognize the strengths of her colleagues: “catching other people doing it right.” This appreciative perspective holds several benefits. First, if a client can recognize the strengths in her colleagues, then she is less likely to take over their problems and the monkey is more inclined to remain on the shoulders of her colleagues. Second, the appreciative approach helps a managerial client set more realistic expectations regarding her co-workers. Managerial CBC clients often have very high standards for other people regarding their emotional IQ and feel ignored, misunderstood or dismissed when their colleague doesn’t seem to be listening, empathizing or cooperating. While the client with managerial interest might possess high levels of emotional and interpersonal intelligence, she might be ignorant in one area of interpersonal relationships – namely an appreciation of the struggles that other people confront in their own interpersonal relationships and in their own emotional life. A coach-based consultant can be of great benefit to his client in helping her become “smarter” about the “stupidity” manifest by other people in her life. A little empathy can go a long way and can help a managerial CBC client be even more effective in her work with other people.

Autonomous/Independent Career Interest

In contrast, to the client with managerial interests, the client who is attracted to a career that enables her to remain autonomous or independent prefers to work alone (as the name of this career interest implies) or prefers to work in a small, flexible organization. These people have a primary need to work under their own rules and are driven by their own steam. Like the technical/functional client, they are not likely to see their sea anchor move very far. They remain rather stable in their anchor because they have made up their own rules. They avoid standards and look for settings in which their individual and unique contributions are acknowledged and honored.

This is a particularly difficult kind of CBC clientship in that these men and women often do not have much of a social, influence or distribution network; furthermore, they usually do not have much interest in marketing. As a result, either they live their life in quiet despair (waiting to be “discovered”) or they are very fortunate to be discovered by someone who does have more of an interest in promotion of their

product or service. In many cases, unfortunately, the discoverer will gain most of the financial benefits of the product or service and may even be misrepresented as the source of the new product or service.

What about coaching/consulting the autonomous client? The first challenge is usually one of getting this client to recognize that they could use some assistance. Their desire for autonomy often includes a reluctance to seek any kind of outside support. If the autonomous client does seek out a professional coach or consultant, then the challenge is often opposite to that posed by the managerial CBC client. The autonomous CBC client needs to let other people into his work life. The coach-based consultant can serve as a model for the reluctant client—showing that it is possible to ask for assistance and not give up one's own identity or freedom.

The autonomous client is also inclined to be impatient in working with other people. He often does not trust the competency of those with whom he now works (or with whom he could work). Alternatively, he doesn't trust the intentions of his colleagues. The coach/consultant can be of great assistance in helping her reluctant client sort out the trust issue. First, the CBC can help her client determine if the mistrust is based in a sense that the other person is incompetent (trust in competence) or in a sense that the other person is not interested in the client's welfare (trust in intentions). If the trust issue relates to intentions, then the coach-based consultant might ask: "why don't you trust this person—have they done anything specific to warrant your mistrust?" "What might you say or do which would enable you to test out this person's trustworthiness?"

If the trust issue is based in concern about competence then the coach/consultant might ask such questions as: "have you actually witnessed this person's incompetence or do you just assume that he/she is incompetent?" "What might you ask this person to do that would demonstrate whether or not they are competent—something that would not impact in a significant way on the operations of your organization or project?" As one can tell from these questions, the key objectives are to determine the reasons for or sources of the mistrust and to determine what the other person might do to either justify or overturn the mistrust. This client is often inclined to live in his own world, without much actual data to support his assumptions about the motives or talents of other people. A coach-based consultant can be effective if she helps her client open the door and let some data about the world enter the life of her autonomous client.

A second issue is commonly found among autonomous clients. Like the creative CBC client, the autonomous client is likely to take on too much of the work load. As we have already noted, this type of client is hesitant to ask for assistance—and this extends to the workplace. This client is often unwilling or unable to seek support from co-workers or delegate work. This is partly a matter of trust, as we have already indicated. It is also a matter of lost freedom and lost control. The autonomous CBC client fears that if he collaborates with other people, he will no longer be able to do what he wants to do, when he wants to do it and in a way that fits with his own work habits. To some extent this fear is justified, for collaboration always involves a loss of some freedom and control. The coach/consultant needs to be honest about this trade-off (otherwise her client is likely to no longer trust the intentions of the coach/consultant). After acknowledging the potential loss, the CBC can help her client recognize the gains to be found in collaboration.

These gains might include greater success in promoting the product or service, broadened perspectives regarding the nature or use of the product or service, and the creation of an audience (made up of co-workers) who can fully appreciate the talents and achievements of the autonomous client. While this third reason (appreciation) might not initially be acknowledged by the autonomous CBC client, it could ultimately be of greatest importance. Like the technical and functional client, the autonomous client is often less interested in the immediate financial benefits accruing from his activities than in the impact of his work on the world. If a tree falls in the forest and there is no one there to hear it, does the tree make a sound? If the autonomous CBC client has created a wonderful product or service by himself—but there is no one there to witness this achievement—than is it really wonderful and can the CBC client gain satisfaction in what he has offered the world?

Safety/Security Career Interests

This career interest can often be defined as the "safe port" to which CBC clients retreat when their own anchor has been lost at sea or when there is a storm brewing. Even more fundamentally, this career interest concerns a desire to not go to sea at all – to remain anchored and safe in the home harbor. In many cases, this concern for safety is very appropriate: our client has to be sure that her job is secure, for she has a family to care for. There is not room in her life for wandering off on some adventure—not while there are mouths to feed and a roof to keep over everyone's head. This career interest might also be precipitated by a particularly turbulent work environment – there truly is a storm not just at sea but also in one's own harbor. The ground anchor suddenly becomes very important.

We can also frame this career interest in a different manner. Our client might have grown up in a household where being safe and secure is most important. This is frequently the case with those who have grown up in lower-middle class families (where there is marginal income or lack of stable employment). The client who is particularly concerned with issues of safety and security might have often heard in their life and early in their career: "do your job effectively everyday and be loyal to your company. That is the secret to surviving in our contemporary organizational world. You can find interesting and challenging things to do elsewhere in your life – the work place is not a safe playing field for you!"

As a CBC, we need to fully appreciate the concerns of our client who is aligned with the safety/security career interest (especially since many of us who do CBC work are not aligned with this interest – we would rather go to sea even if it is a bit stormy). As a CBC, we can be helpful to our client by engaging a dialogue about what they need to feel secure and about what the pressures are that lead them to need the safety. We also can be supportive when they seek to identify other outlets for their explorations and expanding sense of self: CBC work does not require that we stick to their job—especially if their job is being kept secure in exchange for the loos of opportunity to ever go sailing!!

Service-Oriented Career Interests

Like the autonomous CBC clients, the client with a strong service-oriented career interest wants to know that she has had an impact in the world. In her case, however, the impact specifically relates to the welfare of other people in her world. It is not specifically about the product or service being offered—it is about the way this product or service is of benefit to people she wishes to serve. In many cases, these people are

found serving the poor, malnourished, oppressed, under-represented, disempowered and dispossessed in our world. They are living on stormy seas in seeking to serve these under-served populations, hence their sea anchor is likely to be tossed around quite a bit, and they must constantly seek clarity regarding their own life purposes and values.

In recent years, this career interest has gained greater visibility and more credibility. These are no longer the men and women who are misguided visionaries and "do-gooders" wasting their talents and energy on unrealistic and inevitably unsuccessful projects. These clients are now often involved in thoughtful and strategically-based projects that focus on the creation of fully sustainable and vibrant communities. They have becoming increasingly of value in our society as we face the exceptional challenges of a fragile economy, often dysfunctional government, and disrupted climate and physical environment. We am going to spend a bit of time describing this form of CBC clientship because most coaches, consultants and leaders are not very knowledgeable about this domain and because it serves such a critical need in contemporary societies.

The key strategy for the service-oriented client is building fully sustainable communities. This sustainability, in turn, resides in nurturing something called community capital – which consists of three elements: (a) natural capital (all the things that nature provides for us), (b) human and social capital (the people that make up a community) and (c) financial and built capital (the structures, manufactured goods, information resources and credit and debt in the community).

The second element, human and social capital, lies at the heart of service-oriented clientship. Human and social capital concerns the way people work together to solve problems or run the institutions that exist in a community. It involves volunteer efforts and the community's governing structure. It involves the enhancement of skills, the provision of education and the provision of adequate health services to members of the community. Set in psychological terms, human capital is the recognition and full use of the human potential that exists in organizational settings. Set in sociological terms, social capital is the building of social cohesion and personal investment in a community.

How does a community build human and social capital (especially the latter)? This element of community capital is built through civic engagement; furthermore, it takes human and social capital in a community to build the foundation for effective civic engagement. Just as a building can't be constructed without sufficient financial capital, so a civic engagement project can't be mounted without the requisite skills, knowledge and motivation of men and women in the community who wish to become engaged. At the same time, it is through civic engagement that men and women build new skills and knowledge, and discover the skills, knowledge they already have – as well as discover and intensify their own motivation to "give back" to their community.

What then about the third element of community capital—financial and built capital? This third element enters into the equation and relates to service-oriented CBC clientship through a strategy often called social entrepreneurship. First encouraged in the creation of new social service agencies to serve the severely underserved human needs found in many third world country (Bangladesh being a prime example), social entrepreneurship is now being embraced by many men and women seeking to address the unmet needs of their communities. This strategy involves collaborations between nonprofit

organizations, for profit businesses and government agencies. In some cases, these entrepreneurship projects involve micro-funding of key demonstration projects, while in other cases the project involves bringing organizational and managerial expertise to the men and women who have identified an unmet need and have successfully advocated for addressing this need in their community.

This translation of advocacy into action resides at the heart of social entrepreneurship and offers an important challenge to the service-oriented client and her coach-based consultant in terms of future directions and broader participation of community leaders in building this third element of the community capital equation. Social entrepreneurs create and maintain institutions that generate financial capital, that enable previously disempowered men and women to build things, manufacture things and provide services, and that build the infrastructures that enable information to flow and commerce to take place. These are enterprises that enable a community to address the fundamental economic issues of credit and debt.

How do service-oriented clients help to build these new alliances that involve nonprofit, for profit and governmental institutions to address critical needs in their community? What additional skills, knowledge and motivation is needed (if any) to work as social CBC clients? How do banks, corporations, small businesses, educational institutions, health care institutions and human service agencies come together to establish enterprises that effectively serve the community (while also being sustainable enterprises)? These are the critical questions that a professional coach/consultant can help her client address. There is probably no form of clientship that can benefit as much from CBC, given these fundamental questions and the lack of many viable models of effective social entrepreneurship. A coach-based consultant can assist her client in identifying best practices that now exist throughout the world and in linking her client with other resources in the field (including people, books, articles and on-line resources on community capitalism, civic engagement and social entrepreneurship).

A coach-based consultant can also help the service-oriented CBC client at a personal level. It is very easy for this type of client to lose themselves while seeking to serve other people and their community. They are even more likely than the managerial CBC client to have unclear or non-existent personal boundaries. This can lead (and often does lead) to personal burnout. Community-building activities have often failed in the past because those who lead these initiatives give up at some point—or at the very least come to recognize the cost of civic engagement in terms of their personal life. They lose touch with their own family, while trying to benefit other families in their community. They abuse their own body and spirit while seeking to restore the body and spirit of the people they choose to serve. A coach/consultant can be of great value in challenging the service-oriented client to take care of themselves and set some firm boundaries in terms of their obligation to other people and their community.

There is yet another personal challenge being faced by many service-oriented CBC clients. They often don't know when to give up. It is not just a case of setting an appropriate balance between personal needs and the needs of their community, it is also a case of being realistic about what can and what cannot be achieved. In this regard, the service-oriented client resembles (and often emulates) the creative client. Both types are likely to be risk-takers, who don't know when they have reached their limit. They don't give up. As Jim Collins has noted, this sense of persistence is a great quality in a leader—but it can also be carried too far and lead to disillusionment and burnout.

Like the client with managerial interests, service-oriented clients are inclined to take on full responsibility for the project in which they are engaged. They are not only likely to take on the challenge of fighting a large, fire-breathing dragon—they are also likely to take on this battle single-handedly and are likely to persist in this battle, even when bloody and exhausted. A coach-based consultant is needed to provide substantial support to match the challenge being faced by brave (but often unrealistic) service-oriented clients. If nothing else, the CBC can be there to provide thoughtful and empathetic support in witnessing the battle first hand or listening to the tales of struggle and, hopefully, occasional triumph.

Challenge-Oriented Career Interests

Some CBC clients don't have much of a game plan. They just leap from challenge to challenge. Of all the CBC clients, the challenge-oriented clients are least likely to have much of an anchor at all—other than the loosely tethered anchor of ongoing challenges. These clients tend to move from project to project. While they may make quite a bit of money along the way (and may lose quite a bit of money as well) they are most likely to be motivated by a major challenge: "They said it couldn't be done and I have done it!"

Howard Head offers a prime example of this unique type of CBC client. Head founded the Head Ski company in 1950. His aluminum and plastic laminate skies revolutionized the ski business (moving from the much heavier and inflexible wood skies). This wasn't enough for him. He was easily bored and was apparently quite difficult to work with. Having retired and taken up tennis, Head soon reinvented the tennis racket and got involved in diving equipment, as well as tennis balls, sports clothing and athletic footwear. He was always involved in the invention, production and marketing of merchandise associated with sports—but he was all over the place within this broad field and never seemed to settle into one niche.

In recent years, considerable attention has been devoted to the attraction of many people to challenging conditions. Czikszentmihaly studies and writes about something he calls the "flow" experience—which is the highly motivating threshold between boredom on the one hand (too much support and not enough challenge) and anxiety on the other hand (too much challenge and not enough support). Challenge itself becomes rewarding under conditions of flow– especially when the challenge is balanced off with support. Rock climbers and chess masters live for moments of flow. They are always looking for those occasions when they can be intensely focused and when time seems to stand still. The challenge-oriented CBC client is similarly looking for this flow experience and will move from project to project in order to find flow—and avoid boredom. These men and women are constantly seeking stimulation and are looking for difficult problems they can tackle. Such people will often change jobs and their career can be quite varied.

While these clients with a strong interest in challenging careers can be quite successful, they often don't move beyond start-ups. As short-term CBC clients they often sell their business (as did Howard Head) and move on to something else or look for product-lines or services that will be short-lived (fads). Like the legendary miners of the Gold Rush era in California they move on to a new potential vein of gold. Ironically, many people who do coaching and consulting exhibit this career interest and remain in the field of coaching or consulting for only a short period of time which it is still "hot". The field of professional coaching itself might not be able to endure as something more than a fad if it is primarily occupied by challenge-oriented folks.

How might a CBC work with a client who is oriented toward challenge –if they can set aside their own potential biases about challenge? First, the coach/consultant needs to encourage his client to be both patient and persistent. Strategic thinking should be encouraged, as is the case with many of the other types of clients we have identified. This patience and persistence often is introduced by the coach-based consultant when he encourages his client to trace out the consequences of frequent moves not just in terms of financial costs but also in terms of the personal costs for other people with whom the challenge-oriented CBC client is working. It is important for a client with this career interest to fully appreciate that her motivations and search for flow might not be aligned with the motives of people with whom she works (who may be more oriented to security-based ground anchors).

This deep appreciation for the motives of other people is often particularly important because the challenge-oriented CBC client frequently is highly talented with regard to short-term sales and visionary marketing. She can get other people to believe in her and the product or service she is selling. Then, when she abandons the project and moves on to something else, these other people are left in the wake and feel betrayed. The coach/consultant can confront his client with these costs and offer his client a different kind of challenge—namely the challenge of remaining with the product or service she has invented. How does this type of client find a way in which to stay excited about this project and find flow in the daily work that is needed to sustain the effort? How does she justify the trust other people have placed in her as a challenge-oriented person? These are the kind of insight-producing questions that an effective coach-based consultant can offer this client.

Lifestyle Career Interests

We turn finally to a very special kind of CBC clientship—the life-style advocate. These often-flamboyant clients are selling something more than a specific product or service. They are selling an entire way of life—they are selling anchors! The lifestyle CBC clients are producing and selling something that relates to "the good life." Some are emphasizing nutrition or exercise. Others are marketing a specific form of spirituality or a fashionable way of decorating their home or hosting a 15 person dinner party. These people range from Deepak Chopra to Martha Stuart, from Richard Simmons to Werner Erhard, and from Andrew Weil to Tony Robbins. In many instances, these lifestyle advocates are doing not much more than saying: "Live like me."

Just as many professional coaches and consultants are inclined themselves toward challenge-oriented careers, so we find that many professional coaches who focus primarily on the personal development of their clients are very much oriented toward lifestyle interests. These coaches are often portrayed as sitting on their deck in Wyoming with the Grand Tetons in the background. They are on the phone with their client in Cleveland or Houston—extolling the need for their client to find their bliss or their bling. Or they are portrayed sitting in a beach chair on Malibu Beach or on a Kona beach seeking to assist their downtrodden and overstressed corporate executive in Omaha or Toronto in finding their way to the beach and their spiritual core. The irony in this mode of personal coaching is that the coaching client often wants to fully emulate their coach's lifestyle by becoming a coach themselves.

Life-style advocates look at the whole pattern of living among those men and women whom they are seeking to influence. They are not so much concerned with balancing life and work. They are much more

interested in the complete integration of life and work—they believe that work should itself be life-giving. Like challenge-oriented clients, the life-style clients are captivated by the moments of "flow" and by the moments when they can not only heal themselves but also help to heal the world. They may even take long periods of time off work themselves to indulge a passion such as sailing or world travel. Or they are active coach-based consultants for a limited period of time and then follow their own advice and retreat from the demands of CBC work.

How might a coach/consultant assist this lifestyle CBC client? First, the CBC must be careful about not colluding with their client in uncritically supporting the client's dreams and visions about the world in which they now live or hope to live. If the lifestyle client is truly interested in the benefits to be gained from a CBC experience, then it needs to be something more than a narcissistic excursion. A coach-based consultant can be of value to the life-style client by offering challenges to her client's sense of self. This is done not to put down the values held by the CBC client or to discredit the client's perspectives on life. This challenge is not about discounting the client's personal and professional accomplishments.

Rather, the coaching/consulting challenge is to enable the lifestyle client to find a safe place in which he can reflect on his own decisions and on his own future life plans. While these CBC clients are busy selling anchors, they might have lost their own anchor. The life-style client is not perfect and faces his own difficult life choices. Typically, there is not much benefit in sharing these imperfections and difficulties with the devoted followers of the life style advocate. This not only will hurt the client's business, it will yield reactions from the followers that are not necessarily reliable or helpful. The life-style client needs his own sanctuary in which to discern his true self and in which to distinguish between the self he is presenting to his "public" and the self he is presenting to the significant others in his life – and to himself. As in the case of the CBC strategies engaged when addressing the needs of the other career interests, the coach/consultant to a lifestyle client is in the business of providing challenge and matching support. She is asking the questions that no one else is asking her client at this point in his complex and often shifting life.

Conclusions

This journey through eight different career interests hopefully not only expands our image of what a CBC client is and how this person operates in the world; it also suggests variations in the way CBCs can best assist their clients. While we have identified differences in strategy for each career interest, we have also suggested that there are certain common features in any coaching or consulting strategy. The balance between challenge and support is crucial, as is the role of the coach/consultant as question-asker much more than advice-giver. CBC clients often lose themselves in the midst of their work. They must find their way back home and the way back to their true self. A skillful coach/consultant can serve as an invaluable guide to her client in engaging this important and difficult journey. Furthermore, given that professional coaches and consultants are often themselves in need of a navigator (and sea anchor), they may find that they are becoming co-learners alongside their clients with regard to sailing safely (with a sea anchor in tow) on the turbulent sea of 21st Century life.

Coaching Challenge: client must recognize and engage in management and leadership that takes account of differing and shifting incentives for employees (and themselves).

Coaching Challenge VI: Equity, Efficiency and Collaboration

Equity: fairness of distribution of benefits

Efficiency: maximum benefits at lowest costs

> Size; greater efficiency with greater size (an old myth) (MCO, p. 203).
>
> No long true: size instead is used to control the market (can keep price higher) – at the expense of equity.

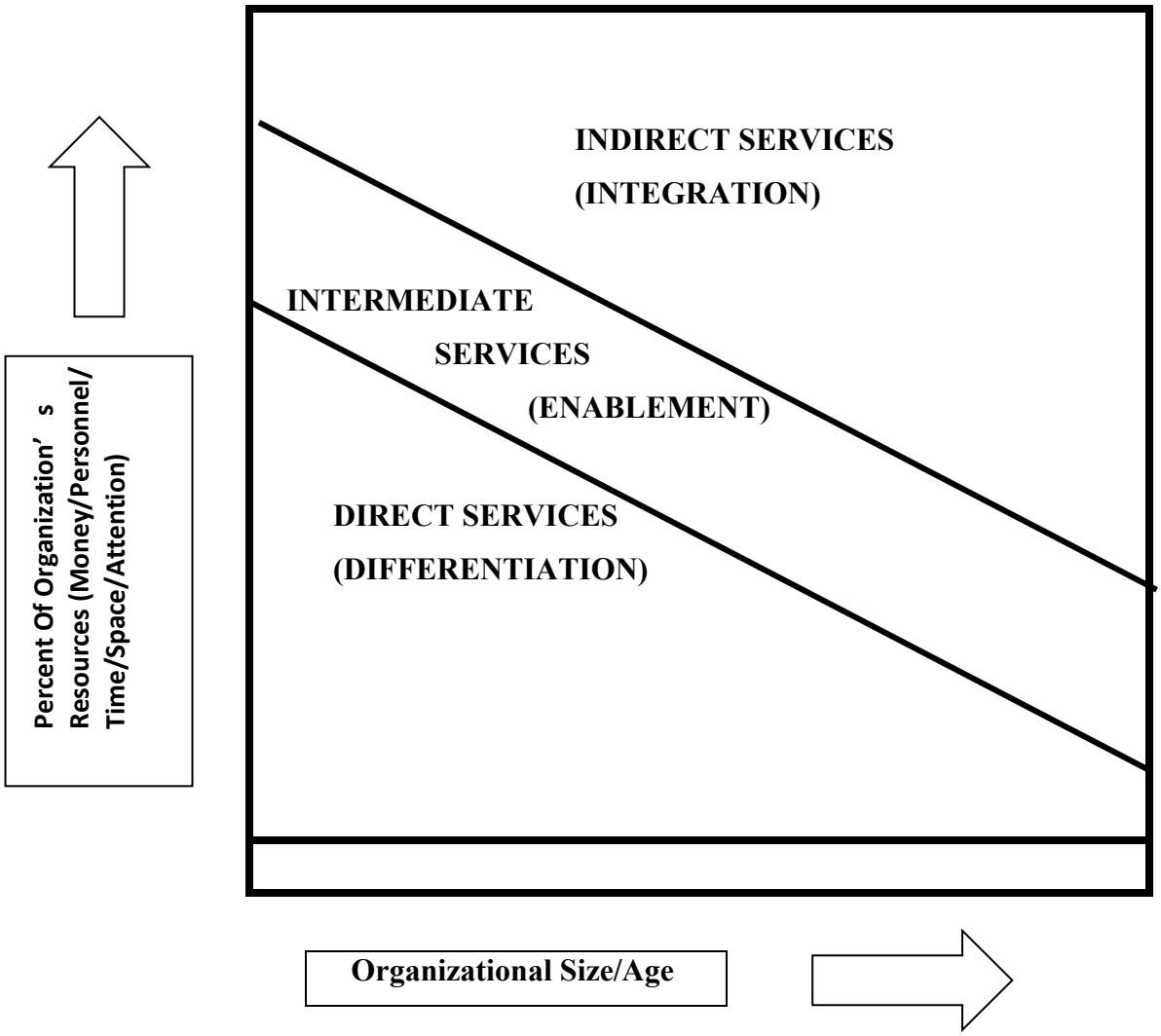
Specialization and Size

The level of expertise in any organization is not uniform. Some people are good at one part of the operations, while other members of the organization are good at doing other jobs in the organization. Dating back to Emile Durkheim (2014), this specialization is often labeled "the division of labor". Specialization has been identified by many social analysts as the glue that keeps any system together (be it a family, organization or society). With differences in skill levels (and accompanying differences in priorities and perspectives) come the variations in organizational patterns.

A somewhat contemporary parallel to Durkheim's intriguing analysis is offered by Lawrence and Lorsch (1969) who proposed that any organization must simultaneously become more finely differentiated (as it grows larger and older) and establish means for integrating these differentiated functions. According to Lawrence and Lorsch, the total proportion of resources in an organization that are devoted to integrative functions (administration, communication, monitoring, and so forth) increase substantially as an organization gets larger. Thus, as organizations grows larger and more complex increasing attention is given to those activities that enhance coordination and cooperation among the differentiated functions of the organization. In this way, the feeling of solidarity of which Durkheim spoke almost a century ago is amplified.

The following figure illustrates the relationship between size and maturation, on the one hand, and the proportion of resources devoted to direct (differentiated), indirect (integrative) and intermediate (enabling) services. I have placed the percentage of resources in an organization on the vertical axis of this graph. These resources could be staff, money, time, facilities or machinery. I have placed two variables (time and size) on the horizontal axis.

ORGANIZATIONAL INTEGRATION AND DIFFERENTIATION



Direct services include all of the operations of the organization that relate directly to its primary intentions (and in particular its mission and purposes). Accountants often assign the term direct costs to these direct services. The indirect services of the organization (often called administrative overhead) include all of the operations of the organization that relate to the coordination and monitoring of functions in the organization. Indirect services include all management functions, as well as all functions concerning with the generating, processing and interpretation of information in the organization (ranging from employee newsletters to management information systems, from the work of secretaries and clerks to the work of vice presidents and board members). Accountants tend to assign the term indirect costs to these indirect, integrative services. The third category, intermediate services, refers to the marketing, advertising and public relations functions of the organization that enable the organization to offer its direct services.

In general, as an organization becomes older it tends to devote an increasingly large proportion of its resources to indirect integrative services, even if the organization does not grow. The more powerful, and influential, variable, however, is size. The larger the organization, the greater the proportion of resources of any kind that will be devoted to indirect, integrative services (the upper right section of the graph). While intermediate services tend to remain relatively constant regardless of organizational age or size, there is a dramatic trend for virtually all organizations to devote increasingly larger proportions of their total resources to indirect services as these organizations grow older and/or bigger. Very young and very small organizations would be located on the left side of the graph, with a relatively small percentage of indirect, integrative services. Very large and very old organizations would be located on the right side of the graph with a relatively large percentage of indirect, integrative services. IBM would be at the far right side (in terms of size) as would the US federal government (in terms of both size and age).

What might Durkheim have to say about the growing size and complexity of 21st Century organizations and about job specialization in this new era? He probably would have recognized, as did Lawrence and Lorsch, that an increasingly large proportion of the resources of an organization are devoted to the integrative functions of the organization as the organization grows larger and older. As a result, this organization will grow increasingly less efficient and increasingly less competitive with other organizations in the same field that are smaller or younger. While there certainly are exceptions to this model, it holds up in most organizational settings.

Furthermore, once an organization gets bigger and integrative services begin to expand, it is very hard to move backwards in time or downsize the organization. Even if the organization is reduced in size, the proportion of integrative services is likely to remain rather large. Mao tried to reduce the percentage of integrative services in China when he moved middle managers and bureaucrats from the cities of China to the countryside, in order to provide more direct services (farming), yet he ultimately was not very successful in this endeavor. We find similar stories of failure in many American organizations—and particularly in the many mergers of the past thirty years.

This interplay and shifting of differentiated and integrative functions yields changes in the amount of diversity operating in an organization. When an organization is very small, all members of the organization may be doing the same work and may hold the same perspectives; however, as the organization grows in size and age there is increasingly differentiation of functions (the division of labor)—the most important of these differentiations being between work that is specifically focused on the product or service being generated by the organization (direct services) and the work that is being done to hold the organization together (integrative/indirect services: administration, communications, finances, etc.).

Cooperation vs. Competition

Tragedy of the commons (MCO, p. 287)

Collaborative advantages (Rosabeth Kanter) (Bergquist, Between and Meuhl, *Building Strategic Relationships*, 1995)

Collaboration vs. Collusion

Collaboration or Collusion?

In recent years, the concept of collective intelligence has gained considerable traction. There are even several research projects demonstrating that performance by a well-functioning team on a specific problem-solving task is often superior to the average performance of team members or even the most "intelligent" member of the team. We also know that for collective intelligence to be successfully engaged the team members must be able to communicate effectively with one another: information silos clearly hinder collective intelligence. The team members must also forgo their competitive spirit (at least with one another) and a culture of individualism and individual gain must be discouraged. On the positive side is the critical role played by a culture of collaboration. Members of the team must be willing (even eager) to work with one another, finding gratification in the relationships established with other team members and enjoying the collegiality that comes with "winning" as a team rather than as an individual.

While collaboration is to be encouraged and rewarded when seeking to increase collective intelligence, a dark side to collaboration must be acknowledged. In some settings and under certain conditions, collaboration is interwoven with collusion and this interweaving can be quite destructive regarding not only collective intelligence, but also morale of the team and the mental health of those working on the team. This essay concerns the distinctions between collaboration and collusion, as well as ways in which the interweaving of collaboration and collusion occur. I focus first on the fundamental nature of collaboration and competition, using the work of Riane Eisler, and then turn to an analysis of the roots of both collaboration and collusion, relying heavily on the work of Manfred Kets de Vries, an author, educator and consultant who applies psychodynamic (neo-psychoanalytic) concepts derived from the therapy office to the functioning of organizations and those who lead organizations. I conclude with a brief examination of narcissism in the organization-- a particularly powerful and often negative way in which collaboration and collusion are interwoven.

The Chalice and the Blade

More than twenty five years ago, a remarkable book called The Chalice and the Blade was published, the author being Riane Eisler. (Eisler, 1987) She described two powerful forces operating in the world. One of these forces (the blade) is focused on competition and domination, the other force (the chalice) is focused on collaboration and containment (the chalice). The blade is designed for control and, if necessary, wounding, while the chalice is designed for holding, supporting and nurturing. Fifteen years later we can still see both forces operating in our country and in our world. I propose that collective intelligence requires a whole lot of chalices and fewer swords. The issue, however, goes even deeper than this. While collective intelligence requires collaboration and support—the world of chalices—it also requires a thoughtful analysis of a "false" and often form of collaboration known as collusion.

Much of the power of the sword comes not from the actual use of the sword, but rather from the threat of its use and the collusion that occurs among leaders and followers to ensure that the sword remains dominant as a threat and as the primary instrument for resolution of differences. We might be finding a shift in the power of the sword, relative to the contributions being made by the chalice—and this shift could be related to a decline in the power of collusion in many groups and organizations. A recently-published book entitled, The End of Power , by Moisés Naim (2013), speaks to the decline in formal (and informal) authority throughout the world. On the one hand, this can be considered a good thing: people throughout the world are beginning to exert some of their own authority and wrestling power away from the traditional power-brokers. This could provide a strong foundation for expanded collaboration and increases in collective intelligence. On the other hand, this shift can be considered a bad thing: we are

thrown into chaos and uncertainty. Will new sources of authority and power emerge from chaos (as it did in Germany following World War I) that are even less thoughtful and humane than the authority and power that recently reigned supreme in the nations, corporations and even religious institutions around the world?

There is another way to frame this shift in power that Naim has identified. If formal power is dropping off, then perhaps there is greater opportunity for cooperation and for the emergence of an enlightened collective intelligence. Perhaps the blade has been placed back in its scabbard or at least is not as sharp or threatening as it once was. On the other hand, what might be going on now is the collapse of long-standing collusive arrangements between the powerful and powerless, between the leaders and followers. This collusion has served as the "glue" in many human systems. It keeps the conflict going. I am reminded of the poignant scene in the movie, Robin and Marian, when an aging Robin (played by Sean Connery) is doing final battle with the Sheriff of Nottingham (played by Robert Shaw). Neither man has the strength any more to lift up the heavy (and rusted) swords. They swing vainly at one another and enact an old ritual. After the battle is concluded (and Robin wins in essence by default), Marion (played by Audrey Hepburn) tends to Robin's wounds. Robin is ecstatic have found victory one more time.

The myth of villains and victorious battle is retained by Robin for one more moment. Marian realizes that this falsehood cannot last for very long, so decides to poison Robin. He will die with the myth intact. Clearly, Robin Hood, Marian and the Sheriff are all colluding in sustaining the role of battle and the sword. Only Marian can bring the collusion to an end by terminating the life of Robin Hood. Are the collusions of contemporary times just as difficult to terminate? Who needs to die in order for the collaborative shift to occur? Do all the "old white guys" like Robin and the Sheriff have to pass away in our contemporary institutions for there to be a shift from the blade to the chalice and from isolation and competition to collaboration and collective intelligence? It is hard to believe that the collusions will simply go away; rather, there are likely to be new collusions as we "escape from the freedom" to be found in a world without formal power and turn instead to newly-invented and newly-formed sources of power and restraint. So a fundamental question emerges: Will there be new and even more powerful forms of collusion between leaders and the led in many institutions? Will new forms of collusion trump the emerging opportunities for collaboration and collective intelligence?

To address these fundamental questions I turn, in particular, to the remarkable insights offered by Manfred Kets de Vries (2003, 2010). I first examine the dance of collaboration. What are the roots of collaboration in the lives of those who seek to promote collective intelligence? I then turn to the dance of collusion, identifying the roots of collusion among those working in organizations and the different ways in which collusion takes place in organizations and sometimes interweaves with collaboration. I conclude by considering Kets de Vries' analysis of narcissism in leadership—which is one of the most powerful and virulent ways in which collusion occurs.

The Dance of Collaboration

The roots of collaboration are to be found in the processes of socialization in societies. Clearly, some societies encourage collaboration more than other societies. We find high levels of individualism and a strong desire for autonomy in many Western societies and a major orientation toward collective identity in many Nonwestern societies. (Rosinski,2003) Even within a specific society, such as the United States, we find that socialization plays a key role. The feminine roots of collaboration (at least in Western

societies) are to be found in the tradition of children being raised primarily by the mother rather than the father. As Nancy Chodorow (1999) noted, in such a setting it is harder for girls to differentiate self from mother than it is for boys. As a result, Chodorow asserts that girls are more likely to live with an undifferentiated sense of self than are boys. As they grow up, young women are more likely to seek out collective identity and collaboration, whereas men are oriented in youth toward separation and individualism. How does this impact on the leadership offered by women in organizations? One immediate answer is that women might be more likely to collaborate in solving problems and engaging in change initiatives. I can offer one example of this collaborative tendency. In her recent interview (conducting by Valeri Lapinski for Time) (Lapinski, 2013), Nobel peace prize winner, Jody Williams, recounted that she joined with the seven other women who have won Nobel peace prizes in creation of the Nobel Women's Initiative. None of the many men who have won this prize have ever gotten together for a joint project—and they are the peace prize winners!

It is also important to note that this tendency toward collaboration might comes at a price. Women who are socialized as Chodorow postulates, might face the problem of establishing boundaries in their work life and in their home life. They might confront the issue of workaholism and an unbounded sense of responsibility. I worked with a female CEO several years ago who often pointed to research indicating that male CEOs in the contemporary world are usually able to set aside their weekends for family, while the female CEOs would be more likely to bring their work home and try to balance or blend work and family. Though the traditional stereotype is of the man who lives only for his work, my female CEO client talked about the greater struggle today for women to live only for their work or living with the myth that they can do everything well (as "superwoman"). While work-life balance might be a major challenge for women who have not established clear boundaries, this lack of boundary definitions and orientation toward collaboration might also provide the answer: these superwomen might be more inclined than their male colleagues to turn to other people for assistance in dealing with the work/life challenge—unless they have bought into the male orientation toward individual achievement.

I wish to dig a bit deeper into the dynamics of collaboration and the role of gender. There may be a physiological basis for the differences in social orientation of men and women. While men (especially in their youth) tend to be saturated with testosterone (which often tends to activate an aggressive and competitive orientation), women (especially during the child-rearing years) tend to be saturated with oxytocin and other hormones (which tend to active an orientation toward bonding and nurturance). (Brizendine, 2008) While we need to be careful about over-generalizations and about the overemphasis on neurobiological origins of behavior, it is important to keep these hormonal differences in mind—especially when considering members of organizations under stress (when these bio-chemical factors tend to be even more influential).

We find yet another important factor related to the differences between men and women in their orientation toward collaboration: women have often been socialized in Western societies as contextual epistemologists (that is as people who tend to think and reason by considering specific issues within their specific setting or context). As Carol Gilligan (1982) and Mary Belenky and her colleagues (1986) have observed, women tend to look at specific issues within the specific context surrounding the issue, whereas men (at least European/American White men) tend to look at specific issues in terms of abstract principles that are applied to understanding and resolving the issue. This would suggest that women tend either to be influenced as leaders and team members by the context in which they are working and making decisions, or they tend to be more effective than men in working in and leading in settings that are complex and

challenging with regard to context. It also means that women are more likely than men to feel comfortable in working collaboratively—which is a much more complex environment in which to work than that of autonomous, isolated work. It also may mean that the sharing of information and the promotion of collective intelligence is more important for many women, given the value they place on identifying and analyzing the environment and context in which they are operating—information that is typically only available from multiple sources and validated only from multiple perspectives.

To better understand the role of women in promoting collaboration, I will return briefly to Eisler's metaphor of the chalice and speak about the holding environment that is critical to the creation of a collaborative culture. Kets de Vries (2010) identifies the role of leaders in providing a "holding" environment for their followers. This connects with the original Object Relations model of the "holding" environment in psychotherapy and the psychodynamic proposal that effective leaders often provide a holding environment in which they hold or contains the anxiety of their followers for a period of time until the followers can handle the anxiety or until the leader has transformed the anxiety (often, I would suggest through the organization's culture) into something that is manageable, actionable or at least understandable. This holding function operates for the leader much like the parent holds or contains the anxiety of her child until the child can handle it or until the anxiety is transformed (catalyzed) by the parent. To what extent, are women as leaders more likely than men to provide the container for organizational anxiety – to hold the tensions of the organization until they can be effectively addressed by others in the organization? Riane Eilser speaks to this same function when she writes about the chalice (in opposition to the blade). While the leader plays a critical role in providing this chalice to contain the anxiety of her followers, I can't help but wonder about the psychological costs associated with holding the anxiety for other people – does this lead to psychological (or physical) burn-out among women (and men) who are the containers?

The Dance of Collusion

Collusion is a complex and often subtle process typically involving all parties in a relationship or group. Even if a participant is not actively involved in the collusion, the mere acquiescence to the collusion will exacerbate the collusive process. No one observing the parade route said anything about the emperor wearing no clothing. It was only the child who spoke up. This is a key point. To simply not say anything about what is happening in front of one's own eyes is participation in the collusion. We find this operating, for instance, among those people who witness a crime. All too frequently, no one steps up to interrupt a crime—or even call the police to prevent the crime or enable the police to apprehend the criminal. Researchers have found that when a large number of people observe a crime there is even less likelihood that any one person will attempt to break up or report the crime. The sense of responsibility is distributed among many people and no one person accepts enough share of the responsibility to precipitate action. Everyone is colluding (and in some sense collaborating) in non-action.

Collusion is usually a dynamic involving everyone in the relationship, group or organization. The collusion is typically driven by fear: (1) fear that one will be ostracized from the relationship or group for disrupting the collusion by making an inappropriate comment or violating the norms of the system, (2) fear that confronting the collusion could lead to psychological or physical retribution, (3) fear that there will be tit-for-tat (if you reveal something about me, then I will reveal something about you) or (4) fear that I might be wrong and that what I see is really more about me than about what is happening in the relationship or group. At other times, the collusion occurs because no one is really aware that the

collusion is in operation. It is assumed that the collusive process is simply "the ways things are done around here" or even more broadly "the way nature works." This "natural" rationale is prevalent when the collusion involves race or gender, while the rationale regarding the way things are done around here is typically found in a setting with a very "thick" or "enmeshed" culture (where most of the behavior is dictated by a set of implicit and strongly enforced norms).

This lack of awareness tends to be closely interrelated with and enhanced by the dynamic of fear. We are most likely to be driven toward unawareness with regard to that which is ultimately most fearful. Sigmund Freud (1990) pointed this out many years ago in his book, Inhibitions, Symptoms and Anxiety, noting that at some level we are aware of that which we are unaware—for we have to know in some manner that something exists and is very scary (anxiety-provoking) if we are to "repress" and become unaware. To point back to an obvious example, the crowd must have been aware at some level that the emperor was naked and that to comment on the nudity could get them in trouble. They would not have been fearful of making a critical comment if they were not aware of both factors. The child wasn't the only one to see that the emperor was naked; however, the child was the only one not to know (or at least not to assume) that it would be a bad thing to comment on the emperor's nudity.

With this overview of the collusion process in place, I wish to dig a bit deeper, use some psychodynamic terminology. Basically, collusion begins to take place through something called projective identification. In an organizational setting, collusion occurs when members of the organization project different "objects" (images, assumptions, personality characteristics) onto their leader. These are aspects of themselves ("internal objects") that they refuse to recognize: their own fears, their own competencies, their own anger, their own arrogance, etc. They don't accept it in themselves, because to do so would make them anxious, make them feel personally responsible for some decision to be made or action to be taken, or make them feel bad about themselves ("I don't want to be an angry woman." "I don't want to be an arrogant man." "I don't want to feel afraid or appear to be a fool or coward.") By placing the praise or blame on their leader, members of an organization can take it off themselves.

Furthermore, the leader usually has some personal reason to accept this projection. The identification is, in other words, "sticky." The leader is not a velcro don on whom nothing adheres for very long. The leader feels a bit afraid himself, and thus readily accepts assumption made by other members of the organization that he is very much afraid. The leader at some level believes that she is very competent and courageous (or would at least like to think of herself as competent and courageous). Thus, she welcomes the admiration and assumptions of competence and courage made by other members of her organization. This acceptance of praise and assumed mastery is particularly prevalent (and destructive) among those leaders who are narcissistic—as I will note in more detail later in this essay.

The collusion is further reinforced by the overall culture of the organization. Commonly-held projections on leaders (as dissenters, visionaries, fight leaders, flight leaders, jokesters, etc.) in the organization will reinforce projections onto any one person in the organization. "All the executives in this organization are corrupt and self-serving!" "He is just another one of those damned fools that they promote in this organization." "You know, engineers always operate this way." "All of those accountants are nothing more than numbers crunchers." These culture-based (and systemic) clusters of assumptions and expectations are known as role suction: certain functions (both formal and informal) in the organization lead to certain repeated patterns that are sustained (self-fulfilling prophecies) by certain projections. "Actors" are assigned a specific role in the organizational "play" and cannot easily shift to a different

role. Other members of the organization readily join in the play, as supporting characters, colluding with the principle actor in sustaining the play. As Kets de Vries (2003, p. 75) notes in dramatic fashion, the role player (particularly the imposter) "like the Pied Piper of Hamelin, seems to weave a magic spell, and people are only too ready to follow. Imposters [and other role-suctioned actors] seem to be able to awaken otherwise dormant tendencies within us by which we can be carried away, blinded to reality."

It is something of a vicious circle with regard to culture, collusion and projective identifications. The organization tends to attract and hold employees and leaders with certain "favorite" projections. Furthermore, there are what psychologists call secondary gains associated with the collusions and projective identifications. It is not just that members of the organization feel less anxious or less responsible when they project certain characteristics onto their leaders or other role players, it is also often the case that something constructive (for at least some members of the organization) is gained from this collusive process: "the Boss pays more attention to me (us) because of the praise." "It is important for Joe to always be the realist, otherwise we are likely to move in the wrong direction." "Thank goodness, Susan brings up the issues of sexual discrimination whenever the HR Committee convenes." The only problem with these secondary gains is that one person is often stuck operating in a specific role and assuming responsibility for some problem. Furthermore, the organization gets stuck: there is no growth on the part of organizational members and not much collective learning (let alone much genuine growth in collective intelligence).

I want to conclude this analysis of collusion be mentioning several other outcomes of the collusive process. Many years ago, the noted social analyst, Gregory Bateson (1987) wrote about something he called schismogenesis. This big word refers to the tendency for two systems (organizations, tribes, nations) to relate to one another in a manner that drives the two systems further apart from one another or that leads to escalation of similar activities in both systems. One type of schismogensis is called complimentary, meaning that as one system goes in one direction, the other system goes in the opposite direction. For instance, as one tribe becomes more belligerent and active, the other tribe becomes more passive and withdrawn. We see this occurring in many organizations, with the leader becoming more assertive and his employees becoming more compliant. Both parties are colluding in making the leader's assertiveness justifiable and acceptable. This complimentary form of collusion tends to be long-lasting and it is deeply-embedded, as a rule, in the culture of an organization.

The second type of schismogentic collusion identified by Bateson is called symmetrical. As one system exhibits higher levels of a specific behavior, the other system will try to match this level. For instance, if one nation builds more rockets, then the rival nation will also have to build more rockets—the classic arms race. In an organizational setting, this symmetrical dynamic operates when both the leader and the employees tend to become more assertive (or more passively-aggressive). This symmetrical process of collusion is often what we mean by the "vicious circle." It is characterized by exponential growth (the "power law" of contemporary chaos and complexity theorists) and will lead quickly to explosion and collapse. We typically, don't find symmetrical collusion to be long-lasting in organizations. Rather, we are likely to witness escalation, collapse and then a renewal of the symmetrical collusion with new parties being invited to engage in this very dangerous and destructive dance of symmetrical collusion.

Up to this point, I have focused primarily on the impact of collusion on the dynamics of groups and entire organizational systems. I want to conclude this analysis by describing something of the impact of collusion on the individual participant in the collusive process. This analysis will also serve as a segue

into my concluding comments about narcissistic collusion. At the heart of the matter is control. The collusion is in control. The participants in the collusion are not in control. They are caught in the spell of the collusion. As Kets de Vries notes, we get carried away as participants in a collusion. We are blinded to reality. The dynamics of projective identification, role suction, and enmeshment cultures all lead to what Wilhelm Reich (1980) described many years ago as character armor. Men and women become stuck in the armament of collusion. What they hope will protect them from their own fears, challenges and diminishing sense of self—the collusion—comes at a great price. There is no room for either movement or growth when encased in collusive armament.

Using another metaphor, participants in collusions are frozen—much as the narcissist (as I shall note shortly) is frozen in the ongoing admiration of his own reflected image. I suggest that this frozen state occurs at three progressively more destructive levels. Level one concerns the freezing of Implicit and Explicit Expectations about oneself and other people in the organization. There is an orientation in most organizations to existing patterns of behavior—this is one of the critical roles played by organizational cultures. It is also one of the outcomes of collusive dynamics operating in organizations. If the patterns are not reinforced and expectations are not constantly being met (through the power of self-fulfilling prophecies) than members of the organization are likely to become disengaged (lower morale and involvement) and may even leave the organization.

If a member of the organization tries to shift the expectations ("is the emperor going to appear without clothes again?") or if she publicly identifies what is really happening ("the emperor is naked!"), then one of the fears I enumerated above is likely to be realized. At the very least, she is likely to be isolated in the organization or forced out. A penalty box is often employed to ensure that all members of the organization fully and deeply understand the implicit as well as explicit expectations and resultant behavior patterns. The penalty box might consist of social shunning (I'm never invited to anyone's home!"), the loss of influence in the organization ("No one ever listens to my suggestions anymore") or even the moment-to-moment plopping in meetings and interpersonal relationships ("He/they don't even acknowledge that I have said something. Even disagreement would be better than the lack of acknowledgement I am getting . . . I would rather be criticized than ignored!").

The second level of personal freezing that occurs when collusion is rampant concerns what Edgar Schein (1978) calls the psychological contract. This contract concerns the fulfillment of semi-conscious assumptions on the part of organizational members with regard to fulfillment of their own psychological needs via their work in and contributions to the organization. The contract can be renegotiated, but at great cost to the employee (and the organization). Psychological contracts are often part-and-parcel of the collusion: "I will provide the leader with unconditional allegiance and the organization will, in turn, provide me with job security." "I will speak up on behalf of the downtrodden in this organization and will expect, in return, the admiration and loyalty of the other rabble-rousers in this organization."

The third level of personal freezing and the main architect of personal armor is something I have labeled the psychological covenant. While a psychological contract can be renegotiated—admittedly often at great cost—the psychological covenant is permanent. It is a deeply held, profoundly person and pervasive belief that the organization must meet certainly psychological needs and that I (the employee) will sacrifice something(s) (perhaps everything) (time, money, status, other relationships, etc.) in exchange for the meeting of these needs. The covenant is not to be broken. If it is, then the consequences are depression, anger, and even violence. The workplace violence we have witnessed in recent years and the

mass-killings that have become all too common in the United States are founded in the shattering of a covenant. We might even conceive of terrorist actions as involving the breaking of a covenant (often of a religious nature).

Collusion is very difficult to identify and analyze (let alone disrupt or eliminate) if psychological covenants are in operation and if the anxiety that exists in an organization is pervasive. With my colleague, Michael Cassatly (Cassatly and Bergquist, 2011) I have written about the psychological covenant existing in contemporary health care systems—especially among physicians. Collusive dynamics operate with great power and persistence among physicians, between physicians and other members of the medical staff, and (in particular) between physicians and their patients. These dynamics are of even greater intensity and are even more embedded in contemporary health care organizations that are going through major challenge (hence are more anxiety-ridden) and in the daily tension-filled challenges of treating illness and healing wounds. Suzan Guest, Terrence Rooney and I (Bergquist, Guest and Rooney, 2003) have written about the wounding of the healers and attribute much of this wounding to the impact of sustained anxiety and uncertainty on the medical staff and the frequently shattering of psychological covenants embraced by medical staff as they confront managed care, shifting government policies and procedures, and changing relationships with patients and other health care stakeholders.

Similar analyses could be offered with regard to other sectors of American society and with regard to many other societies in the world (where psychological covenants might be even stronger and reinforced by long-standing traditions and religious sanctions). While the presence of psychological covenants, and the other two slightly less virulent forms of collusive freezing, might lead one to lose all hope that collusions can be broken up, it is important not to abandon the effort. At the very least, as coaches and consultants we must help our clients recognize the existence of these dynamics. We must be careful when promoting collaboration and collective intelligence not to collude ourselves and contribute to our client's collaborative collusion. We must be sure not to provide a new rationale or create a new myth regarding the need for team commitment. We must encourage our client to avoid any collaborative process that fails to be reflective and self-critical. Ultimately, collective intelligence is not just about shared knowledge of the world or about the generation of new ideas and creative solutions to seemingly intractable problems. It is also about social intelligence: the capacity (and willingness) to be smart about ways in which one's own team is operating. This is particularly important when a team is facing the challenging collusion involved in narcissism—the topic to which I turn in concluding this essay.

The Narcissistic Challenge

Narcissism is one of the most powerful forces operating in many contemporary organizations. This is not only the narcissism of the leader but also the broader narcissism of the organization's culture. Furthermore, there is ample evidence to suggest that narcissism tends to increase when leaders or organizations are experiencing threat, elevated levels of stress, or (in particular) sustained trauma. The psychodynamically-oriented clinicians and those working with teams and whole organizations speak of this as "regression" to a more primitive state of development. Sometime this regression "is in the service of the ego" (that is to say it is temporarily adaptive, releasing creativity, commitment and character), but in most instances it is destructive. Neuroscientists similarly describe the impact of threat, stress and trauma on the limbic system of the human body—leading to the classic fight/flight response (particularly among men) that is mediated by elevated levels of testosterone and adrenaline. This is the sword-response and often leads to narcissism and collusion. There is also a chalice-response to threat, stress and trauma

that is more commonly found among women. This is the immediate, limbic move toward protection, containing, holding, nurturing—the ingredients of collaboration and collective intelligence. This socially-oriented response is often mediated by elevated levels of estrogen and oxytocin (as well as a variety of other hormones).

Let me try to pull all of this together by focusing on narcissism and its relationship to the dynamics of both collusion and collaboration. First, we need to be clear about the nature of narcissism. The term comes from the Greek myth regarding the handsome young man (Narcissus) who sees a reflection of himself in a pond and immediately is transfixed by this image, falling in love with himself and remaining in this state for the rest of his mythic life. The narcissistic leader is someone who is not only "in love with himself" but also believes that the primary role to be played by other people in the organization is that of supporting, justifying and expanding on this self-love. This is where the process of collusion comes in. The followers are primarily in the business of ensuring that the image in the pond is never disturbed (as in the Emperor's New Clothes). They will distort reality, provide inaccurate or warped feedback to their narcissistic leader, and defend their leader against all outside attacks (the fight response). If the narcissistic leader is shown to be a fraud or impersonator, the followers will first be in massive denial (the flight response). (Kets de Vries, 2003) If this doesn't work than the splitting function is likely to kick in (as it often does when collusion is taking place). Rather than identify the narcissistic leader as all good, the followers will now see him as all bad and will attack him and even attempt to destroy him and his image (as we witness frequently in the violent death of a once-beloved narcissistic dictator).

When the narcissistic leader is in charge, there often is confusion among his followers with regard to the norms and values of the organization—this is where collusion and collaboration can become confused. The followers of a narcissistic leader will collaborate with one another in defending their leader against outside attack. This is where the sword and flight response are fused with the protective response: testosterone meets oxytocin. There is a more subtle form of intermixing between collusion and collaboration. The narcissistic leader is often quite charismatic and visionary—extolling the virtues of cooperation and selflessness. We see this often manifest among those narcissistic leaders who serve as gurus and create communes and other utopian communities.

The collaboration in this case is centered on emulation of the leader's espoused collaborative values (even if the leader himself is actually self-centered and selfish). The oxytocin is alive and well, but it ultimately is bringing about the binding of commune members to reinforcement and accentuation of the self-centered image of their leader. Rather than the collaboration being engaged on behalf of the organization's (commune's) welfare, it is being engaged on behalf of the leader and his own welfare. This reversal of responsibilities parallels that of a narcissistic family: the child of a narcissistic parent comes to believe that he or she exists primarily for the welfare of the parent rather than the other way around where the parent believes that they are there to promote the welfare of the child. (Donaldson-Pressman and Pressman, 1994)

Those working under the narcissist (whether in a family or an organization) remain immature themselves. Men and women who are working for a narcissistic leader have often been working with this leader for many years and are absolutely in awe of her. They grow very little over many years in terms of their own proficiency, self-confidence or self-awareness: "little grows under a great tree". They have been frozen in their own development—just as they are frozen in their expectations, contracts and covenants in the organization. This freeze might produce a false sense of collaboration and a strong sense of commitment

to the mission of the narcissistic leader. In promoting collective intelligence, we are looking for much more in terms of genuine collaboration. We wish not only to enhance performance of the team and organization, but to encourage the continuing growth of each person participating in this collaborative relationship. I suspect this is what all of us want. We just need to discern the difference between collusion and collaboration—and act upon this discernment.

References

Bateson, Gregory (1987) Culture Contact and Schismogenesis, *Steps to an Ecology of Mind*. Northvale, NF: Jason Aronson Inc., pp. 61-72.

Belenky, Mary and Associates (1986) *Women's Ways of Knowing,* New York: Basic.

Bergquist, William, Guest, Suzan and Rooney, Terrence. (2003) *Who is Wounding the Healers?* Sacramento, CA: Pacific Soundings Press.

Brizendine, Louann (2008) *The Female Brain*. New York: Broadway Books.

Cassatly, Michael and Bergquist, William. (2011) The Broken Covenant in US Healthcare, *Journal of Medical Practice Management.* Vol 27 (3), pp. 136-139.

Chodorow, Nancy (1999) *The Reproduction of Mothering*. Berkeley, CA: University of California Press.

Donaldson-Pressman, Stephanie and Pressman, Robert M. (1994) *The Narcissistic Family*. San Francisco, Ca: Jossey-Bass.

Eisler, Rianne (1987) *The Chalice and the Blade*. San Francisco: Harper San Francisco.

Freud, Sigmund (1990) *Inhibitions, Symptoms and Anxiety*. New York: Norton.

Gilligan, Carol (1982) *In a Different Voice*. Cambridge, MA: Harvard University Press.

Kets de Vries, Manfred (2003) *Leaders, Fools and Impostors*. New York: iUniverse.

Kets de Vries, Manfred (2010) *Reflections of Leadership and Career Development.* San Francisco: Jossey-Bass.

Lapinski, Valerie (2013) Ten Questions, *Time*, March 25, p. 64.

Lawrence, Paul and Lorsch, Jay (1969) *Organization and Environment*. Homewood, IL: Richard Irwin Inc.

Naim, Moisés (2013) *The End of Power*. New York: Basic Books

Reich, Wilhelm (1980) *Character Armor.* New York: Farrar, Straus and Giroux.

Rosinski, Phillipe (2003) *Coaching Across Cultures*. London: Nicholas Brealey.

Schein, Edgar (1978) *Career Dynamics*. Reading, MA: Addison-Wesley.

Coaching Challenge: client must be able to manage growth in their organization.

Coaching Challenge VII: Risk

Neurobiology (spirt of "feel good" chemicals when contemplate reward – rather than actually receiving the reward)

Risk-aversive (MCO, p. 308-310)

Meta-Coaching Challenge: client must be able to assess and determine appropriate levels of risk.

Coaching Challenge VIII: Dynamics of Production

Types of Production (Woodward)

Impact on supply/demand

"Just-in-time" production

System dynamics

Delay functions and resulting response patterns

Meta-Coaching Challenge: client must be able to appreciate and plan for the elusive dynamics of production in a complex system.

Coaching Challenge IX: Ethics, Free-riding and Cheating

Free-rider problem

People receive a benefit they do not pay for (e.g. street performance) (social exchange?) (Joshua Bell) ("you get what you pay for . . . PSP)

Behavioral economics: what happens when people decide what to pay for a meal?

Cheating

Prisoner's Dilemma (NCO, pp. 313-317)

Coaching Challenge: coach must prepare for the occasion when they are dealing with a client who cheats or is at least looking for a free-ride.

---

[i] Hernando De Soto. *The Mystery of Capital: Why Capital Triumphs in the West and Fails Everywhere Else*. New York: Basic Books, 2000, p. 45.
[ii] Hernando De Soto. *The Mystery of Capital: Why Capital Triumphs in the West and Fails Everywhere Else*. New York: Basic Books, 2000, p. 45.
[iii] Hernando De Soto. *The Mystery of Capital: Why Capital Triumphs in the West and Fails Everywhere Else*. New York: Basic Books, 2000, p. 45.
[iv] Hernando De Soto. *The Mystery of Capital: Why Capital Triumphs in the West and Fails Everywhere Else*. New York: Basic Books, 2000, p. 45.