

Introduction to Transformational Thinking in Business

**New Concepts and Avenues
for (Supporting) Business Leadership
based on Applied Developmental Theory**

IDM Teleseminar
January 19, 2009,
11 am ET
641.715.3200 x 262360#

Agenda

- A. What is Transformational Thinking and how does it develop?**
- B. Learning transformational “dialectical” thinking; Examples of managers’ thinking; how to assess managers’ cognitive profile.**
- C. Why learn Cognitive Interviewing?**
- D. IDM Resources.**

What is Transformational Thinking and How Does It Develop?

The Crucial Importance of 'Thinking'

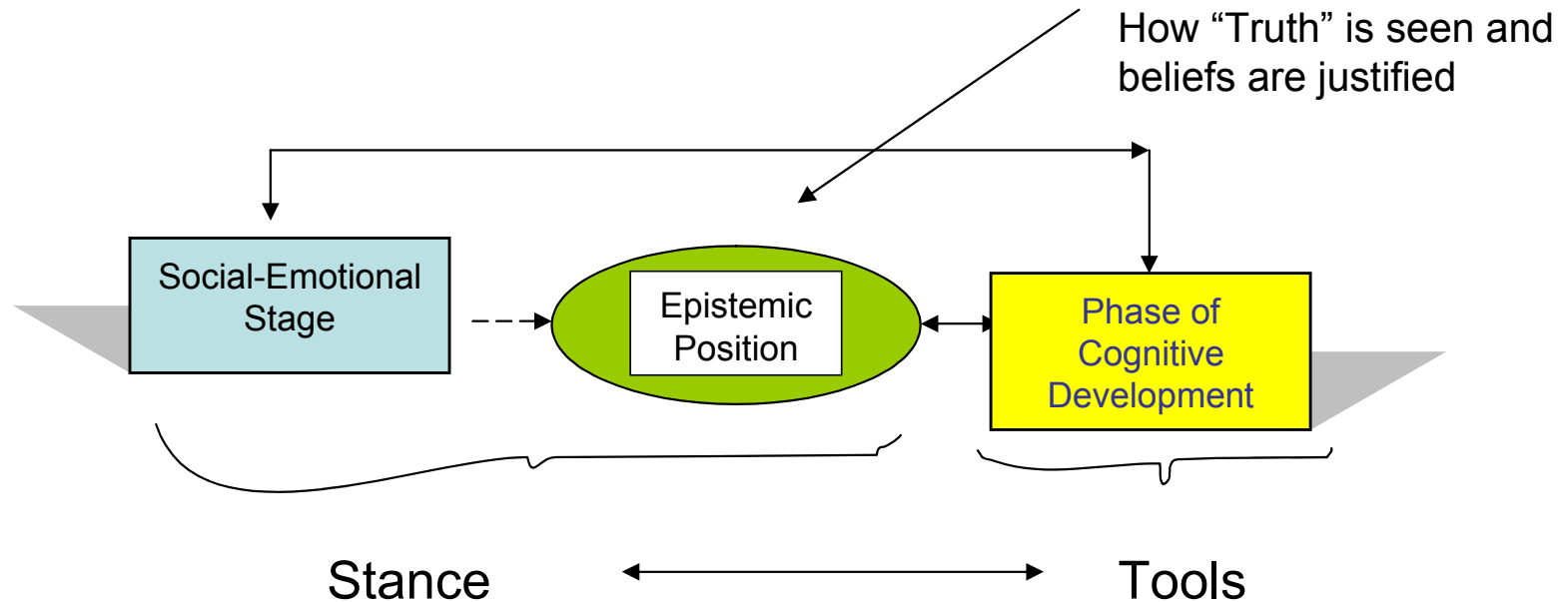
The fact that nearly everyone has had some direct experience with both disappointingly ineffective leaders and surprisingly effective ones has led to the common-sense belief that there are important personality differences between good and poor leaders. Most people reject out of hand the competing idea that the enduring personal qualities of the leader are largely irrelevant to effective leadership. Although the latest issue of the Harvard Business Review (January 2009) on 'Transforming Leaders' still assumes that personality traits and competences play a major role, it is acknowledged that it is their 'thinking' that makes the difference.

Jan DeVisch, 2009

Business Thinking at a Crossroads

- We believe that business thinking on this ‘hot, flat, and crowded’ planet (Thomas L. Friedman) is at a turning point, and a lot of smart people will have to be taught how to save the Earth.
- For *homo rationale*, it seems natural to start with ‘thinking’.
- While you cannot change your social-emotional level or psychological profile, you can change your thinking.
- As shown in the upcoming second volume of MHD, this ‘change of mind’ in the direction of more holistic and systemic thinking is built into the development of consciousness over the life span.
- Business managers, leaders, and consultants can be taught to apply tools of transformational thinking.

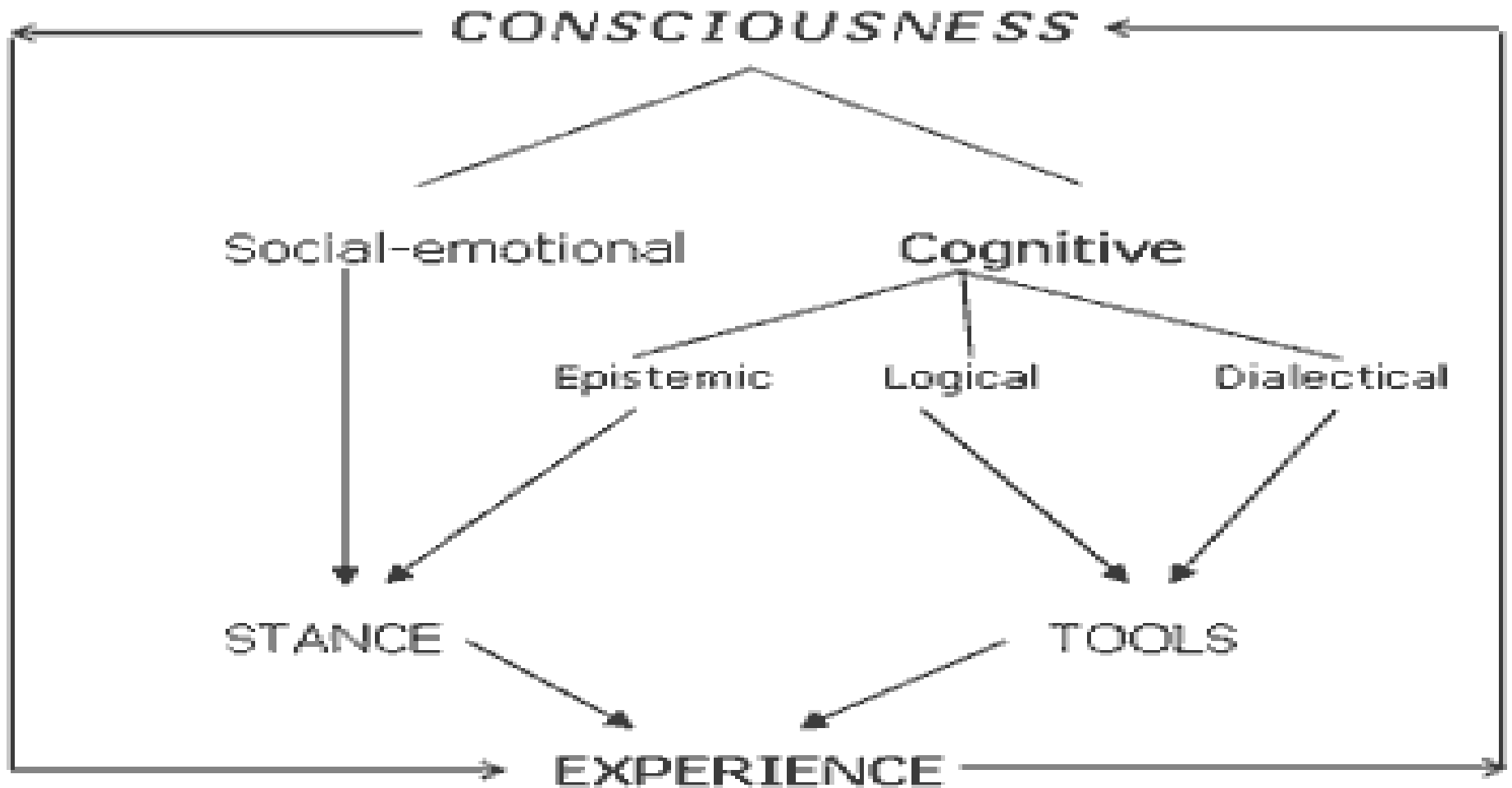
Thinking Comprises ‘Stance’ and ‘Tools’



Stance determines what cognitive Tools you use to make sense of the world. Stance and Tools are always in balance: if I know your Stance, I can tell you what cognitive tools you are unable to imagine or use.

Stance develops; it cannot be taught.

The Feedback Loop between Stance, Tools, and Experience (R. Martin, 2007)



Change your Stance and your Tools and thereby your Experience!

Adults' Three Crucial Questions

- People in general, and managers in particular, ask three fundamental questions and answer them according to their developmental level:
 - Social-emotional question: What should I do and for whom?
 - **Cognitive question: What can I do and what are my options?**
 - Psychological-behavioral: How am I doing?
- Coaching is deepened if the last question – which is the central coaching question – is dealt with in terms of issues of mental growth (development) to which the first two questions refer.
- This is the central thesis of CDF, see the Article “Contributions of Evidence Based Developmental Coaching” posted at <http://www.interdevelopmentals.org/pubs/IDM-OLaske-Contributions-of-Evidence-based-Coaching.pdf>

Transformational Thinking is “Dialectical”

- Dialectic is an ancient set of tools dating back to Socrates and Plato.
- In its modern form, it derives from Hegel (1770-1831) and the Frankfurt School (Adorno, 1903-69).
- The first empirical studies of how dialectical thinking develops were done by M. Basseches 1978-1989.
- Dialectics is based on the four *Quadrants of Dialectic* according to which the world:
 - Is in constant change
 - Is an interrelated organized whole
 - Cannot be understood without accepting and understanding contradiction (antithesis).
- Western Dialectic is based on formal logic. It is a higher-level way of thinking that integrates formal logic as a subsidiary tool.
- Asian Dialecticism (Nisbett 2005) is a common sense version of Western Dialectic.



M. Horkheimer

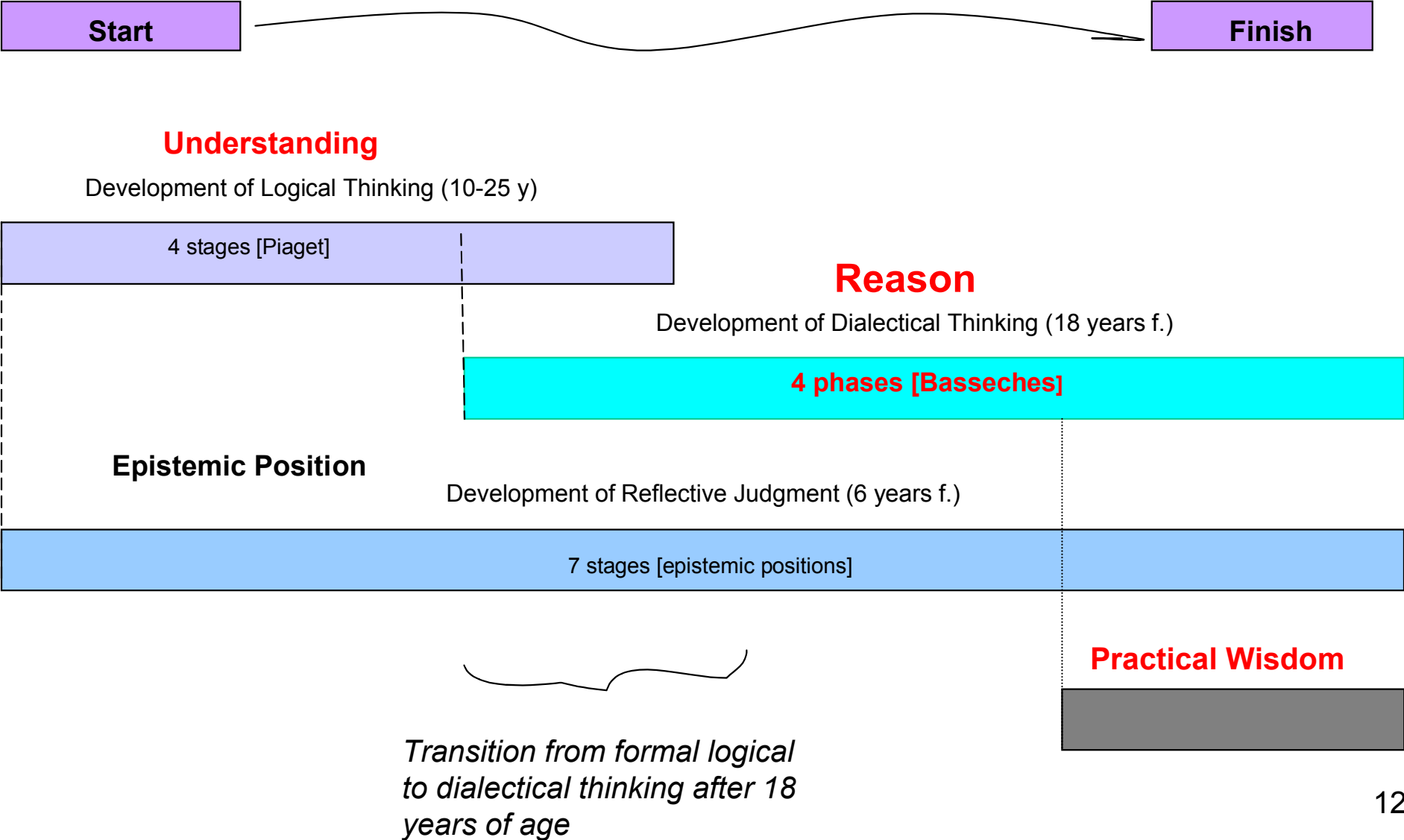
The Frankfurt School

Th.W. Adorno



J. Habermas

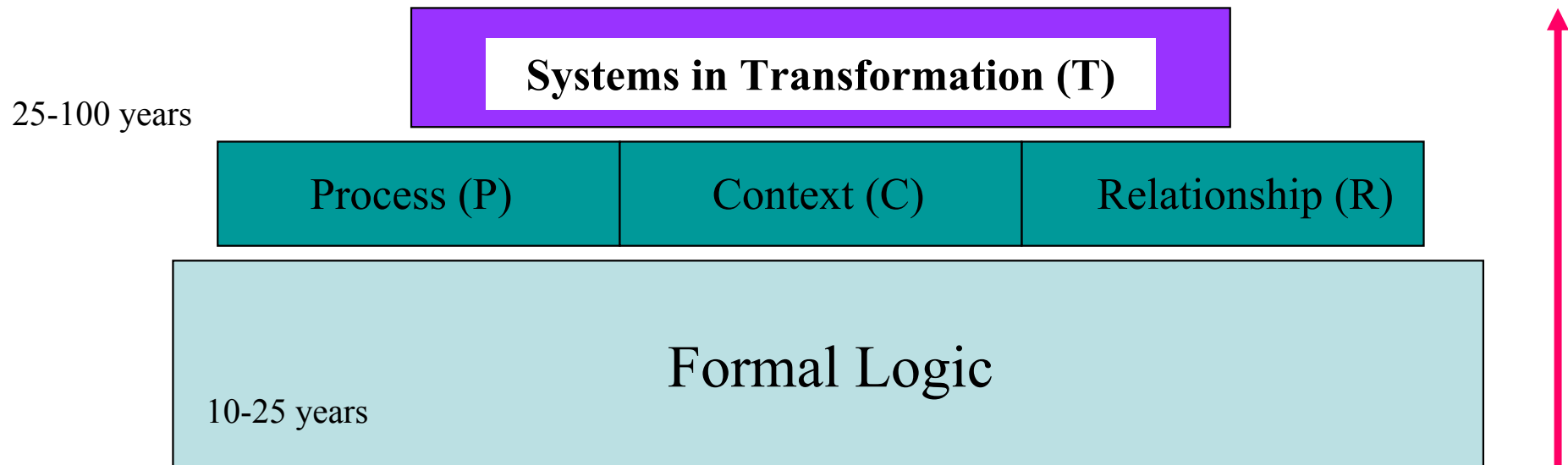
Four Phases of Dialectical Thinking



Steps Toward “Transformational” or Dialectical Thinking

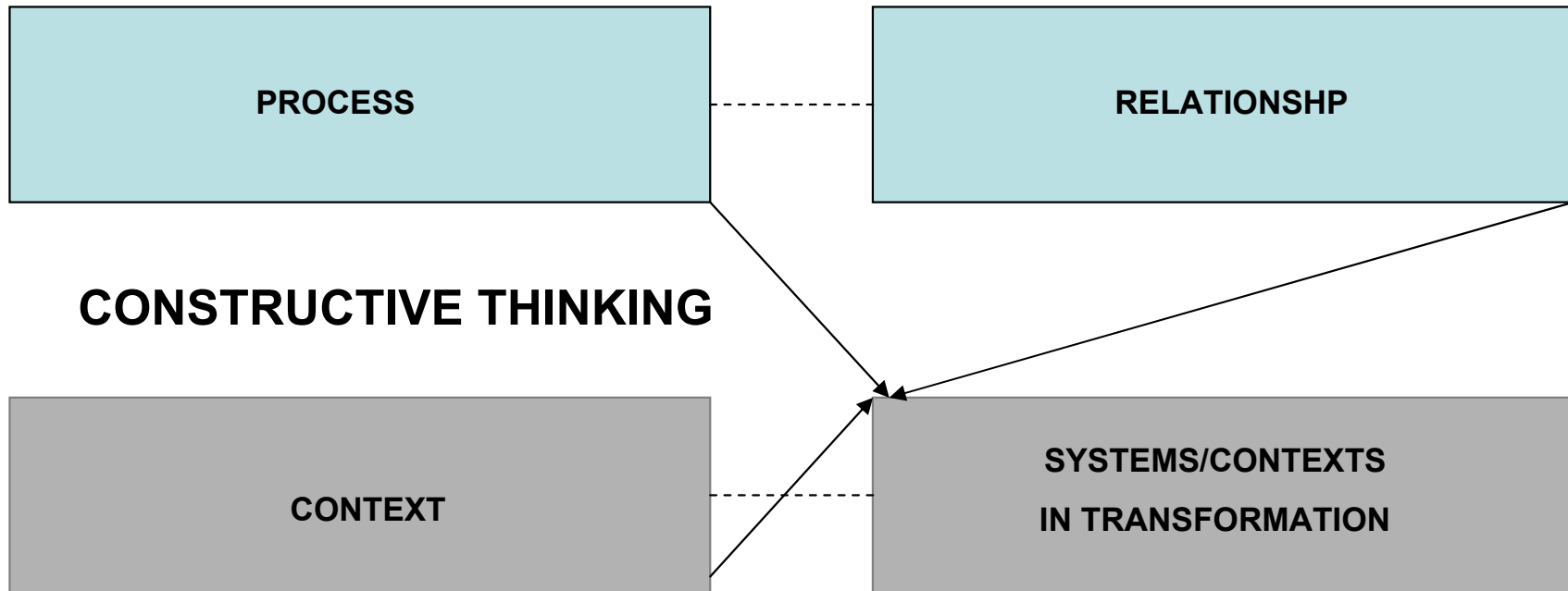
Cognitive Development begins with *Common Sense* and moves from there via Logic to *Understanding*, and on to *Reason* and *Practical Wisdom*. In this context, a crucial transition is that from formal-logical Understanding to Reason, based on “post-formal” thinking also called “transformational” or “dialectical.”

Post-formal/Dialectical Logic (Systems Thinking)



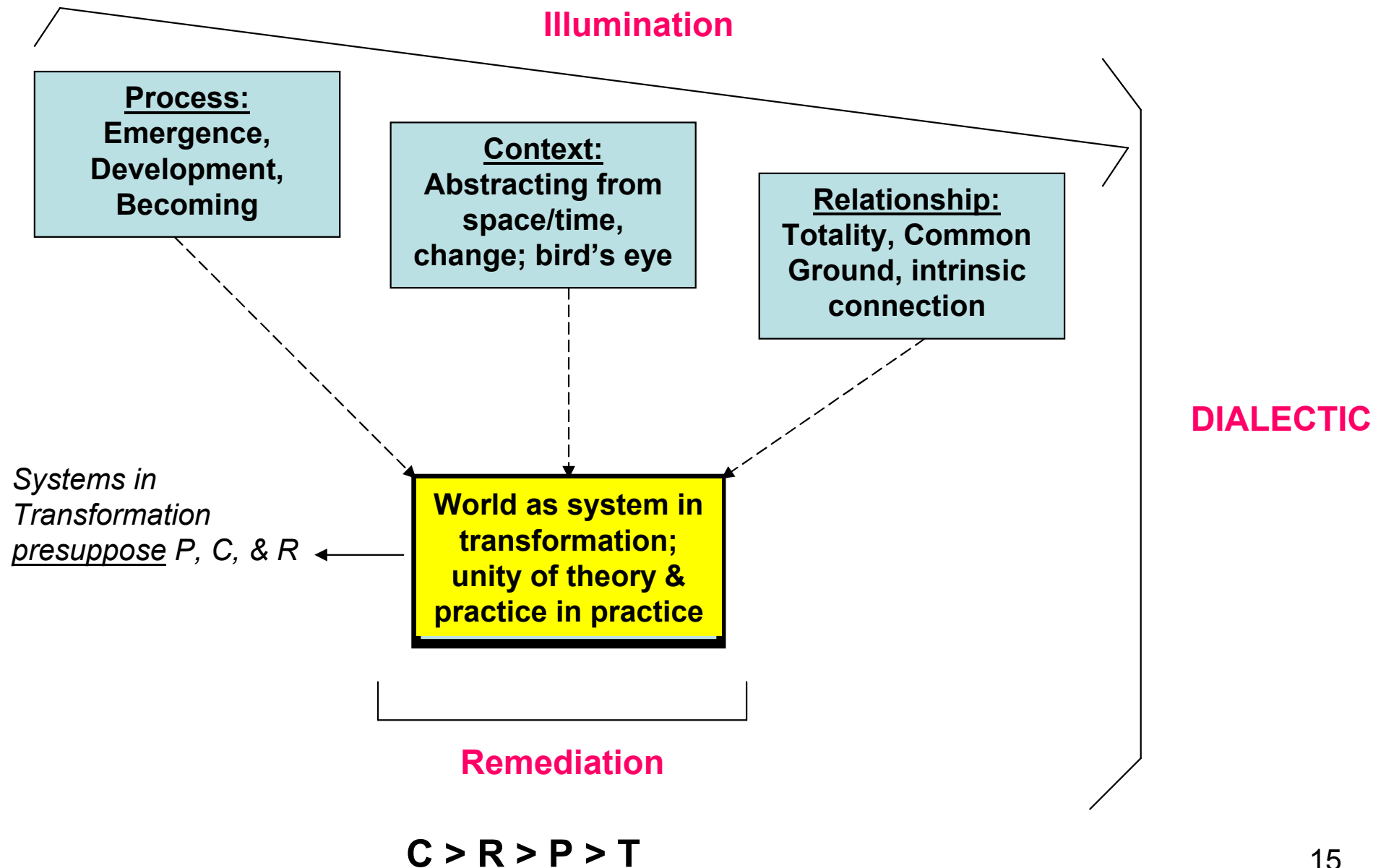
Four Classes of Thought Forms Capture the World's Complexity

CRITICAL THINKING

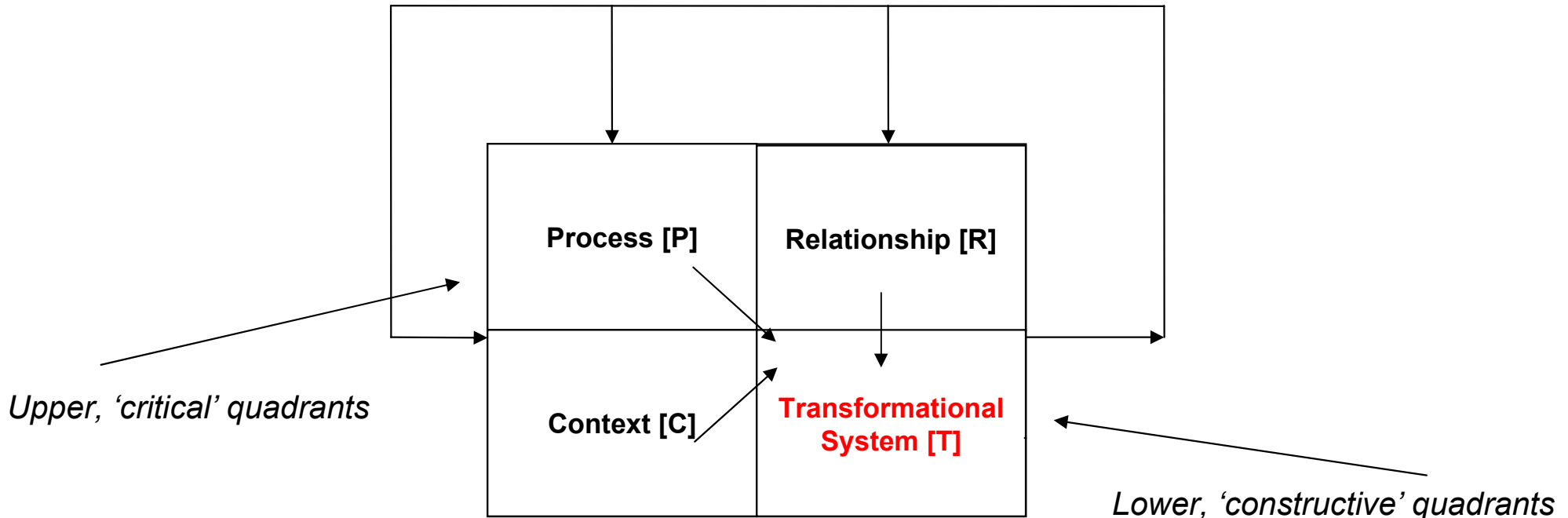


**Process and Relationship TFs enhance *critical thinking*,
Context and Systems in Transformation TFs help *construct reality*
as a living system.**

Understanding Transformational Systems Presupposes Process, Context, and Relationship Thought Forms



The Quadrants of Dialectic



- **Process**: unceasing change based on negativity, preservative negation, composition by interpenetration, patterns of interaction.
- **Context**: organized wholes of transitory stability; requiring multiple perspectives.
- **Relationship**: diverse elements/entities share a common ground.
- **Transformation**: complex 'living' systems maintain their identity only through unceasing transformation, by way of assimilation and accommodation.

The Table of Dialectical Thought Forms (TFs)

Process TFs	Context TFs	Relationship TFs	Transformational (Meta-systemic) TFs
1. Unceasing motion, negativity <i>Contrast: 22</i>	8. Contextualization of part(s) within a whole; emphasis on part <i>Contrast: 10-13</i>	15. Limits of separation. Focus on existence and value of relationship <i>Contrast: 16-21</i>	22. Limits of stability, harmony, durability (incl. quantitative into qualitative changes) <i>Contrast: 3, 12, 23</i>
2. Preservative negation, inclusion of antithesis (non-A) <i>Contrast: 27</i>	9. Equilibrium of a whole; emphasis on whole <i>Contrast: 10-13</i>	16. Value of bringing into relationship <i>Contrast: 15, 17</i>	23. <u>Value</u> of conflict leading in a developmental direction <i>Contrast: 1, 22, 24</i>
3. Composition by interpenetrating opposites, correlativity <i>Contrast: 19-22</i>	10. (Description of) structures, functions, layers, strata of a system <i>Contrast: 8-9, 11-13</i>	17. Critique of reductionism and 'de-totalized,' thus isolated, entities separated from their shared common ground <i>Contrast: 18-21</i>	24. <u>Value</u> of developmental potential leading to higher levels of individual and social functioning <i>Contrast: 1, 23</i>
4. Patterns of inter-action <i>Contrast: 2, 19-20</i>	11. (Emphasis on the) hierarchical nature of layers systems comprise <i>Contrast: 9</i>	18. Relatedness of different value and judgment systems <i>Contrast: 20</i>	25. Evaluative comparison of systems in transformation <i>Contrast: 10, 14, 26, 28</i>
5. Practical, active character of knowledge <i>Contrast: 23</i>	12. Stability of system functioning <i>Contrast: 9, 22</i>	19. Structural aspects of relationship <i>Contrast: 4, 15-17, 20-21</i>	26. Process of coordinating systems <i>Contrast: 15-16, 25</i>
6. Critique of arresting motion (reification) <i>Contrast: 7, 28</i>	13. Intellectual systems: frames of reference, traditions, ideologies <i>Contrast: 9, 28</i>	20. Patterns of interaction in relationships <i>Contrast: 4, 21</i>	27. Open, self-transforming systems <i>Contrast: 2, 22-24</i>
7. Embedding in process, movement <i>Contrast: 3-4, 6</i>	14. Multiplicity of contexts (non-transformational) <i>Contrast: 25, 28</i>	21. Constitutive, intrinsic relationships (logically prior to what they relate) <i>Contrast: 2-3, 15-20</i>	28. Integration of multiple perspectives in order to define complex realities; critique of formalistic thinking <i>Contrast: 2, 6, 16</i>

Learning Transformational “Dialectical” Thinking at IDM

Capability is Developmental

- Elliott Jaques saw organizational levels as embodiments of levels of adult cognitive development.
- For him, “thinking” co-defines a person’s “Size of Person” in comparison to the person’s “Size of Role” (level of work complexity).
- He thought the two ought to be balanced, and referred to this balance as *Requisite Organization*.
- At IDM, we have expanded his cognitive theory of organizations to comprise developmental foundations beyond the cognitive domain.

Requisite Organization (Jaques)

Epistemic Position [& Fluidity Index] [King & Kitchener; Laske]	Organizational Strata * [Jaques]	Phases of Dialectical Thinking [Basseches]	Social-Emotional Stage [Kegan]
7 [>50]	VIII	4	5
	VII	4	5/4 – 5(4)
6 [>30]	VI	3	4(5) – 4/5
	V	3	4
5 [>10<30]	IV	2	4/3 – 4(3)
	III	2	3(4) – 3/4
4 [<10]	II	1	3
	I	1	2/3 – 3(2)

* Typical organizational job titles are, from top to bottom: **Board Member, CEO, EVP, VP, General Manager, Unit Manager, First Line Manager, Operator/Staff.**

Stratum V Managers: Setting Strategic Intent

<p>5. Transformational Thinking Exercises in Creating New Business Models [Stratum V] – Central Focus on Future: strategic intent and direction, requiring systemic “dialectical” thinking</p>	<p>[1] Understanding the organization’s current and potential future role within the business environment.</p> <p>[2] Taking multiple perspectives when assessing the ramifications of a wide range of issues and develops solutions with long term viability.</p> <p>[3] Considering emerging trends, identifying long-term opportunities and balancing organizational requirements with desired wholes of outcomes.</p>	<p>[1] Building and sustaining positive relationships within the organization and across companies to transform signals of change in the value systems of major stakeholders into new generic products and services.</p> <p>[2] Looking for shared agendas and capitalizing on the positive benefits that can be gained from diversity and harnessing different viewpoints.</p>
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* See Jan DeVisch, <http://www.interdevelopmentals.org/ezone/2008-10.html#feature>

The number of CEOs and Board members functioning at Strata VI to VIII is extremely low.

Stratum IV Managers: Bridging Intent and Existing Processes

<p>4. Breakthrough Thinking for Developing New Products and Services, and Discovering new Markets [Stratum IV] – Beginning focus on Future, bridging strategic intent and established processes</p>	<p>[1] Understanding the organization's objectives and links between the business units, as well as organizational and stakeholder agendas.</p> <p>[2] Considering multiple perspectives when assessing the ramifications of a wide range of issues.</p> <p>[3] Anticipating priorities and developing long-term plans that address both current and future requirements.</p> <p>[4] Seeking to align business unit activities with strategic priorities.</p>	<p>[1] Building and sustaining positive relationships within the organization and across companies with a diverse range of external stakeholders.</p> <p>[2] Anticipating and responding to changes in market/ technology solutions.</p> <p>[3] Looking for shared agendas and using these to bring people together, to develop a different perspective that enables breakthrough developments.</p>
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* See Jan DeVisch, <http://www.interdevelopmentals.org/ezone/2008-10.html#feature>

Stratum III and II Managers: Excellence

<p>3. Systemic Rethinking of Process and Value Stream [Stratum III] – Focus on present</p>	<p>[1] Understanding the organization's objectives and contributes to the development of plans, strategies and team goals.</p> <p>[2] Identifying broader influences and considering the ramifications of issues and longer term impact on the team's and cross team's work objectives.</p>	<p>[1] Building and sustaining positive relationships within a network of key people.</p> <p>[2] Anticipating and responding to changes in client needs and expectations.</p> <p>[3] Recognizing shared agendas and works toward mutually mutual beneficial outcomes.</p>
<p>2. Continuous process and Quality Improvement [Stratum II] – Focus on present, day-to-day processes</p>	<p>[1] Understanding the work environment and contributes to the development of work plans and team goals.</p> <p>[2] Demonstrating an awareness of the implications of issues and problems that may impact on own and team's work objectives.</p>	<p>[1] Building and sustaining positive relationships with team members and clients.</p> <p>[2] Responding to changes in client needs and expectations.</p> <p>[3] Proactively offering assistance in establishing mutually beneficial relationships.</p>

Examples of Managers' Thinking

Manager A (Stratum II)

“When we bought Acme’s service business, it was clear that if we didn’t build efficiency into the combined network, we’d fail. Efficiency means reduced overall costs, more revenue from our customer base, and less work overlap. Now we can price our products more competitively, knowing we can continue to build our revenue stream through service contracts. And providing that service will keep us close to our customers for equipment lifecycle planning and utilization analyses. If we can keep our eyes focused on managing costs and delivering quality, the results will be there.”

Manager B (Stratum II to III)

“When we bought Acme’s service business, it was clear that one of the immediate advantages would be in building a more efficient network. By integrating product and service sales, we become a more complete operation, and customers will see us in a new light. However, we also become more vulnerable to a lack of integration until we can define that new business model, and manage re-training and re-directing our sales force. Even then, perhaps customers may feel we’re not as focused on our huge new service operation as was Acme. And Engineering is committed to reducing maintenance and Manufacturing to driving up quality; that may mean we’ll have to branch out to include servicing competitors’ products to justify the new service infrastructure and manage the overhead. Would customers see that as a dilution of our commitment to our own products? We’re juggling many more things than before, and risk over-extending ourselves. How we balance customer perceptions, cost efficiencies, and product development will be a challenge, but we can succeed if we plan carefully and give it our best shot.”

Manager C (Stratum IV to V)

“Once we decided to buy Acme’s service business, we knew that there were a lot of ramifications to consider that could only incompletely be foreseen right away. We knew that in many ways we had considerably complicated not only our in-house way of working, but also the market environment in which we would have to function. While on the one hand, we were clearly striving to become a more complete operation, we had previously been on safer ground since our business model had been thoroughly tested and validated, and we had a reasonably clear view of who our customers were and what they expected of us. But once we integrated Acme’s service business, we had to rethink almost everything we had learned to take more or less for granted. There were questions of attunement of our workers to the company’s new mission, but also of customers to the broader agenda we now came to be identified with. We were also introducing new goals for our internal business process, and put in jeopardy the balance of the parts of our operation which had already been quite complex when focusing on product sales alone. So, there now many different contexts to consider that were only partly known to us initially. Essentially, the effect of this was that we became much more sensitive to relationships, not only between parts of our operation, but to relationships between product and services, work force and customers, business process and financial process, not to speak of systemic interactions that tested the limits of stability and harmony of our operations. We now had to coordinate a larger number of subsystems, and these subsystems tended to transform in a way that was not initially foreseen or even foreseeable. As a result, we felt we would lose out if we did not succeed in developing multiple perspectives on almost every aspect of our organization.”

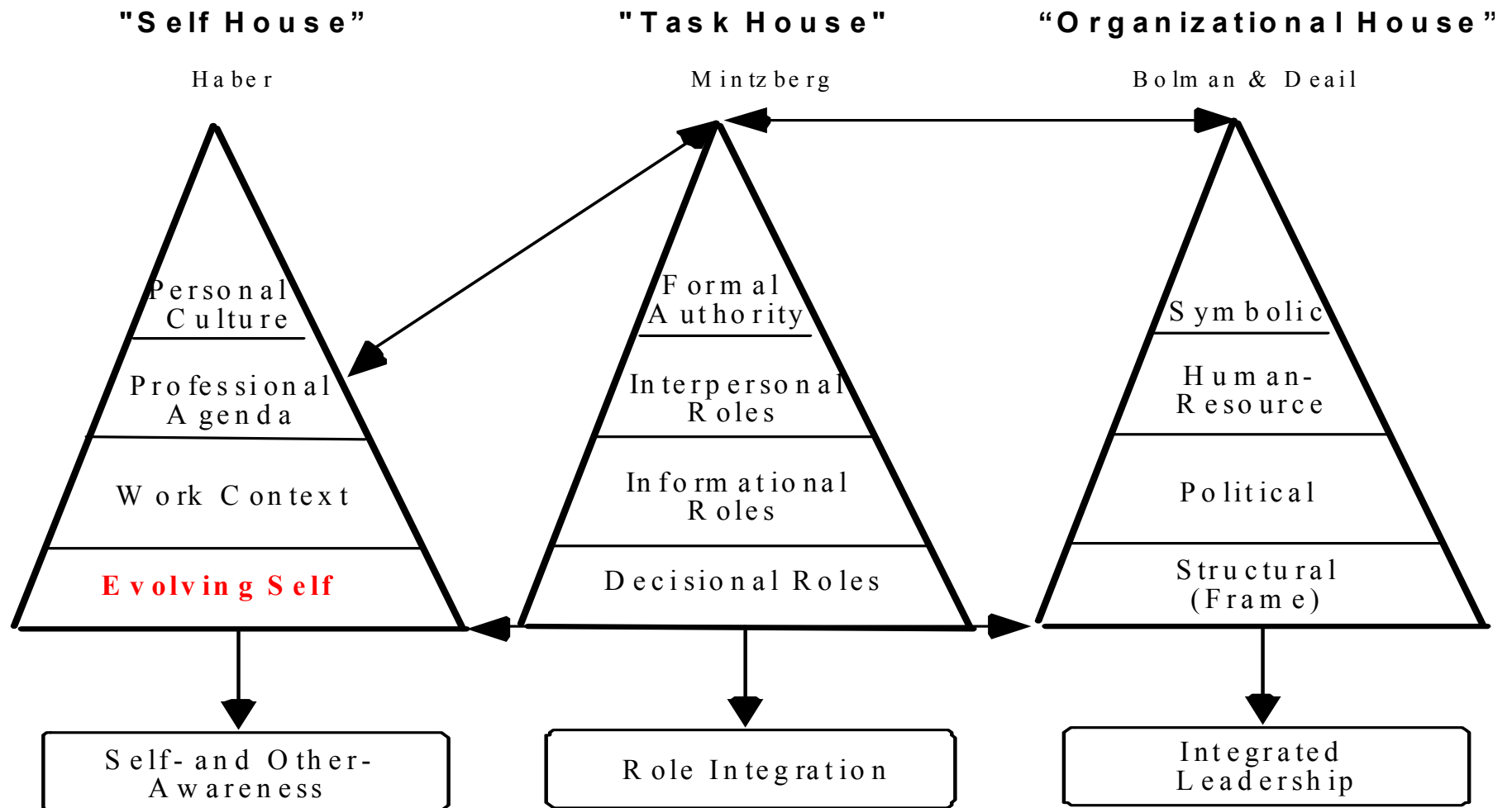
How To Assess Managers' [and Coaches'] Cognitive Profile

The Cognitive Interview

[Program One, Module B & Cognitive Process Consulting]

- Phase of cognitive development can be gauged by a semi-structured interview based on the Constructive Developmental Framework, or CDF (Basseches, 1984, Laske 2008)
- The assessment requires from the coach that s(he) thinks dialectically, or knows dialectical thought forms (this is taught in Module B of IDM Program One, and rehearsed in the Module D case study, see below)
- Based on evaluating (“scoring”) a cognitive interview, feedback can be given to the manager on aspects of organizational reality and strategy s(he) is missing
- Managers can be coached to acquire a more flexible “fluid” way of thinking in terms of the four Quadrants of Dialectic.

The Three Houses of the Cognitive Interview



The mental space of coaching activity.

Interview Guide Questions

- **Task House:** Can you please elaborate on your present status and authority (in the company), and the roles that derive from them?
- **Organizational House:** If you were to think about how you see the organization (environment) you work in from a 'bird's eye' perspective, what would be most striking for you? What perspective, would you say, you are predominantly taking on it:
 - a structural perspective
 - a political perspective
 - a human resource perspective
 - a cultural perspective
- **Self House:** Please tell me a little bit about how you see your present work context and the professional agenda that grows out of it. (E.g., how does this occupation fit your background and personal culture?)

Interview Probe Questions

- Interview Probe Questions derive from the flow of the interview. They are based on “mind openers” deriving from dialectical thought forms.
- For instance,
 - Process – how would your description change if we take into account that changes are inevitable?
 - Context – if we ask ourselves “what is the bigger picture here?” what comes to mind?
 - Relationship – you mentioned X and Y. How do you think they are related?
 - Transformational System – given the fact that contexts are complex and always changing, what are additional perspectives we need to keep in mind when considering this situation?

Resulting *Cognitive Behavior Graph*

[showing a manager's thought form uses]

Process/Motion	Context/Form	Relationship	Transformation
	TF 8		
TF 5			
	TF 10		
		TF 19	
			TF 26
	TF 13		
		TF 20	
		TF 16	
<i>... rest of interview</i>
TOTAL= 3	Total = 9	Total = 7	Total = 2
14%	43%	29 %	10%

Fluidity Index = **21**; Cognitive Score = **[14, 43, 29; 10 (%)]**

Phase 1 of dialectical thinking showing predominance of contextual thinking. 33

Why Learn Cognitive Interviewing?

Cognitive Interviewing

- **The importance of learning cognitive interviewing is not restricted to learning developmental assessment. Rather, it boosts your thinking!**
- Cognitive interviewing has the beneficial side effect that one learns four classes of dialectical thought forms, and indirectly gains greater fluidity of thinking.
- Having made a daily practice of using dialectical thought forms, one can employ them outside of interviewing in all coaching and consulting pursuits, specifically as “mind openers”, or tools to make managers’ thinking more flexible and fluid.
- **Learning cognitive interviewing is the best form of boosting one’s cognitive coaching skills.**
- This is taught in Module B of IDM Program One and Cognitive Process Consulting of the Prof. Development Program, respectively:
<http://www.interdevelopmentals.org/certification-module-b.php>
and <http://www.interdevelopmentals.org/pd-cognitive-process-consulting.php>

IDM Courses Boost Professionals' Thinking

- IDM is the only Institute teaching transformational “dialectical” thinking in North America.
- We teach dialectical thinking in both the Certification and Professional Development Tracks.
- We do so as experts in cognitive assessment and adult cognitive development.
- The textbook for learning about adults’ cognitive development is volume 2 of *Measuring Hidden Dimensions* appearing March 1st, 2009. See <http://www.interdevelopmentals.org/publications-idm-press.php>

IDM Resources

IDM Programs for Learning Transformational Thinking

- **Program One, Module B:**
<http://www.interdevelopmentals.org/certification-module-b.php>
- **Program One, Module D:**
<http://www.interdevelopmentals.org/certification-module-d.php>
- **Professional Development Program, Cognitive Process Consulting:**
<http://www.interdevelopmentals.org/pd-cognitive-process-consulting.php>
- -- **All of these presuppose Gateway [self study]:**
<http://www.interdevelopmentals.org/pd-gateway.php> (self study version); a live teleclass is also available.

Measuring Hidden Dimensions of Human Systems: Foundations of Requisite Organization

Table of Contents

- Section I: Cognitive Foundations of Work and Work Performance [chapters 1-3]
- Section II: The Opening of Adults' Mental Space across the Lifespan [chapters 4-8]
- Section III: The Three Houses of Work [chapters 9-13]
- Section IV: Entering the Hidden Dimensions of *Human Sigma* [chapters 14-15]
- *Appendix: Manual of Dialectical Thought Forms*
- *Cognitive Interview Scoring Supports*
- *Bibliography*
- *Glossary of Terms*
- *Index*

Highlights of Volume 2 MHD

- **The book is written for leaders, managers, and process consultants working with individuals, groups, and organizations.**
- The book addresses issues of business leadership for an evolving planet and the need for transformational thinking in intercultural and international environments.
- It is the first book making dialectical theories of knowledge useful for day-to-day problem solving, updating Frankfurt School insights for the 21st century.
- The book introduces a cognitive theory of work and of organizations. It unravels the cognitive dimension of human work.
- The book lays the foundation for requisite organization of companies and public institutions through capability management, broadening common sense practice.
- It is a *Handbook of Transformational Thinking* that addresses the most recent tools in management thinking, and contains case studies, examples, and exercises.
- As a reader of this book, you will acquire new cognitive tools and a more mature stance toward change, complexity, and uncertainty.

IDM Website Resources

- The IDM website, www.interdevelopmentals.org, comprises a rich collection of developmental resources in the form of articles and presentations, including a newsletter one can sign up for on the home page.
- Resources comprise two volumes entitled Measuring Hidden Dimensions, one on social-emotional and one on cognitive development, the second appearing in December of 2008.
- These resources are largely free, except for large presentations, as seen at <http://www.interdevelopmentals.org/publications.php>

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The Evidence Based Approach to
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