

## **Thirty Archaic “Best” Business Practices**

*Deterrents to Resilience, Innovation and Change*

*(Plus, what to do instead!)*

Why do companies decline and disappear in the face of disruption? It is rarely paralysis, which is the common assumption.<sup>1</sup> If asked, the answer usually is that they were obliviously frozen in time while everything around them changed. However, the cause is more likely to be a failure to respond to disruption in their industry with appropriate action even when well aware of it.

Work design has had little innovation for centuries in spite of thousands of new consulting offers that are adopted. You heard that right! Work design used in the vast majority of companies is decades, centuries and even mega-centuries old. It is out of date and unfit for today’s rapidly moving world if it was ever a fit. In some cases, work practices have had no evolution in how work gets done for 600 or so years. Businesses are using practices originated between the sixteenth to twentieth centuries. They are, literally, archaic.

The concept of *best practices* is no protection against such a fate. Most of these “best practices” have never been validated and are most often marketing hype invented by a consultant. Everyone wants to have the “best” way to work - but by what standards? Some are particularly toxic—such as how to do strategy, how to lead your people and an industry, and how to design and carry out work in a way that develops the highest aspect of human beings. Some practices even undermine our role as citizens. But they are not examined rigorously before they are adopted. Amazing, the practices even outlast the companies that adopt them as their leaders carry them forward into new communities, a little like the plague.

### **Guidelines to Assess Practices for Innovation Readiness**

These criteria have emerged in our research and education forums over four decades. They are focused on growing human capacity by focusing on three fundamental factors that enable

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<sup>1</sup> Why Good Businesses Go Bad. Donald Sull, Harvard Business Review July-August. 1999. <https://hbr.org/1999/07/why-good-companies-go-bad>

people to take the kind of risk that produces strong long-lasting businesses (and, by extension, strong individuals, families, and democracies).

### **Three Criteria for Growing Human Capacity**

The three criteria work on growing human capacity by focusing on three fundamental factors that enable people to take the kind of risk that produces strong businesses (and, by extension, strong individuals, families, and democracies). The first, *internal locus of control*, has to do with the degree to which a person is able to take full responsibility for one's actions. The second, *external considering*, is the ability to take into account and care deeply about the effect of one's actions on other beings. The third, *personal agency*, is an essential characteristic in individuals who wish to become fearlessly proactive with regard to evolving a system. Most of the work practices of modern times undermine these three capabilities.

### **Eras of Archaic Practice**

The patterns we develop in response to social forces deposit like layers of sediment in the psyche, and they can significantly constrain our potential. At times, they can even be harmful. Businesses are just as susceptible to this accretion of unconscious influences handed down from one era and generation to the next. I've collected over one hundred common business practices that I believe are toxic to the three human capacities, and I've identified the likely sources from which they arose. In order to move forward, companies must take deliberate steps to eradicate these practices and replace them instead with the regenerative business practices. It required examining their source and the paradigm that underlies them. There are five paradigms that are happening in parallel.

### **The Aristocracy Paradigm**

Probably the oldest unconscious belief influencing business practice is the idea that some small segment of the population is superior to the rest and should be entrusted with decision making on behalf of everyone. Personal will, in other words, is replaced by or subordinated to the will of a leader. This idea is reflected in the traditions surrounding kings, organized religions, and

ownership of land and other resources as they have been passed down over the past six thousand years. How we articulate what makes someone superior has changed over millennia, at times privileging war craft, cunning, wisdom, spiritual attainment, inheritance, wealth, or popular acclaim.

This paradigm is still very much alive in many modern institutions, especially business, where the CEO is assumed to be somehow inherently superior and treated accordingly. In work design, it shows up in some of the most ubiquitous, seemingly commonsensical, and unquestioned business practices.

### **The Machine Paradigm**

Sometime around the Renaissance, improvements in the technology of clocks led to the metaphor of the universe as a cosmic clockwork or machine. This shift in paradigm enabled the rise of the industrial revolution, which not only celebrated and elaborated the place of machines in the world, but also organized military and social systems (including businesses) to operate like machines. By allowing people to function as interchangeable parts in machine-like systems, the industrial era severed the bondage to particular lords and lands, allowing unprecedented social mobility. But it also dehumanized people by imagining them as generic, interchangeable cogs.

This paradigm is still alive and well in modern business organizations. Work design that is informed by a mechanistic perspective will strive to achieve procedural uniformity and standardization.

Typically, a business based on the machine paradigm sees people as skill sets, views tasks as problems to be solved, and treats organization as the means by which people manage the parts to get the results they want.

### **The Behavioral Paradigm**

In the early twentieth century, psychologist John Watson persuaded leaders of industry to fund his research laboratory to study rat behavior. This work, which founded the discipline of behaviorism, was predicated on the belief that internal, subjective experience was irrelevant. The only phenomena that mattered were behaviors that could be objectively served, categorized, and conditioned. Watson's research had enormous impact later in the century on the field of work design, education, parenting, and advertising.

**Incentives**, for example, focus people's attention on the incentive, rather than on customers. Further, they reduce the sense of agency and locus of control in workers, placing it instead in the hands of those who are creating the incentives and providing the rewards.

### **The Human Potential Paradigm**

The aristocracy, machine, and behavioral paradigms emphasized the use of external controls (over ownership, process, or labor) as a means to move toward some ideal of performance. By the middle of the twentieth century, this emphasis on control was becoming increasingly out of step with a culture that was exploring the importance of human self-determination and self-expression. In place of controls, they proposed self-direction; in place of optimization, they proposed actualization; and in place of the idea of humans as the tools of others, they proposed the pursuit of the potential inherent in each person.

Still, by limiting its focus to the self-actualization of individuals, the human potential movement contained a fundamental blind spot. It kept the focus inward and human, which meant that it was unable to adequately take into account the relationship between humans and the larger systems that we interact with—especially the natural systems.

As an example, surveys of organizational climate and culture are designed to help businesses develop an objective and unbiased understanding of how people feel about their overall work experience. The opinions of workers are solicited on everything from fairness in hiring and pay

to the degree of personal fulfillment they receive from their work. The aim of all this is to engage the intelligence and self-determination of employees in order to help companies provide supportive work environments that improve their people's performance and motivation.

But like all such feedback processes, climate and culture surveys gather information about likes and dislikes within the frame of people's existing body of experience. As a rule, they invite superficial reactions rather than deep, creative thinking. This makes them anti-innovative because they add nothing to the kind of insight that would put an organization out in front of its workers' experience. Even more important, surveys have the effect of separating workers from their own agency.

### **The Regenerative Paradigm Practices— What to do instead**

Most organizations know that to engage in real, disruptive innovation they need great, creative people. They also understand that they must provide the conditions within which these people will flourish.

In addition to a vibrant culture, they must design work in such a way that it invites and even compels innovation in which everyone is involved, not just research and development or marketing. Whereas most businesses do this by hiring and nurturing a small group of creative talent, a regenerative organization establishes the conditions that will grow creativity across the entire organization.

The right conditions can radically expand what people consider possible, while nurturing a compelling desire in them to be part of it. In other words, when the conditions are right, personal growth becomes tied to transformational endeavors. It can even be tied to the disruption of existing economic and social systems. This keeps personal growth meaningful

and therefore sustainable. A business accomplishes this by fostering a culture that emphasizes rigorous thinking matched with reliable, structured support.

Deep dialogues are held about what foster, or diminish, these rather than accepting any non-vetting best practice. It required great rigor and discernment to perpetuation these practices that undermine good business outcomes and democracies that work. When present, these regenerative practices enable everyone to develop the capabilities described as core to human potential realization. Businesses that foster a culture in which everyone thinks like a CEO completely bypass the current debates about the relative merits of hierarchical versus flat organizations. Thinking and decision-making take place in every part of the organization, regardless of its overall formal structure.

For details on these three conditions that must be created in an organization, and the phases of moving to these nature of organization, along with 15 real stories of businesses and how they have succeeded, recreating extraordinary outcomes, see *The Regenerative Business: Redesign Work. Cultivate Human Potential. Achieve Extraordinary Outcomes*, by Carol Sanford.