

## A CONVERSATION WITH BILL O'BRIEN

EXCERPTED FROM AN INTERVIEW WITH ROGER BREISCH, JULY, 1998

*Bill O'Brien was formerly CEO of the Hanover Insurance Company. He was a member of the board of governors of the former Center for Organizational Learning at MIT. Bill has been a mentor to Peter Senge for many years.*

*From The Fifth Discipline Fieldbook (page 306): "As president of Hanover Insurance Company, Bill O'Brien spent twenty years refining his company's vision, values, and sense of common purpose . . . His example and insights greatly influence every strategy and suggestion in this part of the book." Long before many CEOs even considered the importance of vision and values, Bill O'Brien was living them.*

*Currently, Bill works with Joe Jaworski and Adam Kahane at the Centre for Generative Leadership.*

**Roger:** You are mentioned often in *The Fifth Discipline* and *The Fifth Discipline* Fieldbook. What drew Peter Senge to your work at Hanover Insurance?

**Bill:** I have always been fascinated by the incongruities between corporate culture and what I believed was the deeper, higher side of human nature. I tried to develop my style to eliminate as many of these as I could. One of the big epiphanies I had was in 1972. I read Douglas McGregor's book, *The Human Side of Enterprise*, where he defined Theory X and Theory Y. He wrote the damn book in 1955 or '58 and I hadn't seen it until 1972... and I didn't know anybody else who 'd seen it before that! That gave me a theoretical underpinning for what I was struggling to do -- to get congruence between what I understood of human nature and corporate culture. Out of that, purpose, values, vision attracted my interest.

My predecessor as president of Hanover was Jack Adam. We were kindred spirits... frustrated at the negative effect our corporate culture was having on the growth and development of people. By 1981 -- after twelve years -- we knew that a value-based, vision-driven culture could out-perform a command and control culture. Further, we knew how to do it and we were beginning to show a track record. That enabled us to execute what we already knew about the business better than our competitors. We were able to engage our full work force without all the distracting politics and crap.

At the same time, we were bedeviled by external problems we didn't know how to figure out. In the 1980's the U.S. legal system went almost out of control . . . premium increases were outrageous because liability settlements went through the roof. Well, the people that could feel that pain were the insurance companies. All the conventional approaches to resolve that issue seemed to make it worse.

When I met Peter I said, "My God, with systems thinking, we have a tool to better understand the complexity of these external issues." I don't know *what* Peter thought when he met us!

As he was going into companies, experimenting with theories about learning organizations, they took immediately at Hanover . . . he kept coming back. He didn't have the push back against learning because of the openness in the culture... because of the freedom from politics. Peter said to me one day, "Bill, we go into a corporation and they line the staff up around a conference table. It takes at least three-

quarters of the day to cut through the games. We came to Hanover and five minutes later we were into the subject."

I, in turn, knew there were limitations for what linear, cause-and-effect thinking could do. If it were a convergent problem, you could get a solution. But if it was a divergent problem, you have two worthwhile principles where you push on one and you negatively affect the other. The linear cause-and-effect method doesn't work . . . and those were the *big* problems. *The convergent problems never got to my desk: somebody solved them months ago!* So in 1981 we began making a major investment in moving systems dynamics through the organization.

To me, the fundamental components to a learning organization are the ability to hold deep conversations where knowledgeable parties have implicit disagreements . . . and to get beyond the limits of reductionism . . . to develop systemic understanding of connectedness. Regardless of what we do with technology, the single greatest tool for learning is conversation!

**Roger:** Didn't you have Chris Argyris in to teach conversation before you met Peter?

**Bill:** We brought Chris in in 1978. I won't say we reintroduced Chris to Peter, but Peter's interest in Chris accelerated because of our work with him. He brought Chris into what we used to call the "New Styles of Management Group" . . . a group that convened two or three times a year for two or three days at a time, out of which much of *The Fifth Discipline* really came. We met from '82 or '83 through '89 or '90. That was the predecessor organization to the Organizational Learning Center at MIT.

What came together was Jay Forrester's work on system dynamics, the work we did on values and visions, Peter's work on personal mastery, Arie de Geus' knowledge of institutional learning, and Chris Argyris' knowledge of conversation. Peter did a brilliant job of synthesizing that. Peter has two remarkable gifts: his capacity to grasp complexity and a more remarkable gift to explain it, so simple people can understand it.

**Roger:** How did you find Peter?

**Bill:** Somehow a paper came across my desk that he co-authored with Charlie Kiefer about vision. I asked my secretary to get 100 copies. She called Charlie and his secretary asked, "What do you want 100 copies for?" I said, "What the hell do they care what we want them for? We'll pay for them . . . *just send them!*" She said, "I think they're interested in what we're doing here." So Charlie came and we had a long talk. Charlie told Peter we ought to get together and he invited me to join a group of companies sponsoring the National Economic Modeling project at MIT. It was *enormously* fruitful because it opened a lot of doors for me. Prior to that I was a non-joiner, but I sensed there was something special about Peter's work.

Peter was Jay Forrester's principal assistant. Forrester had a phenomenal career going from the hard sciences - he holds the patent for digital core memory - to the soft side where he applies system dynamics. He took on the national economic model. In this project, Peter became fascinated with the fact that so much innovation would occur in corporations at the time they were experiencing the worst results. He got more fascinated with the innovation than with the economic cycle . . . that was the basis on which he attracted 8 or 9 people - principally CEOs - to that "New Styles of Managing Group."

**Roger:** Let's go back to Hanover and talk about the values. How did those evolve?

**Bill:** Jack Adam, who was a very deep thinker, and I both had a propensity to get underneath symptoms... get the deep causes.

When we started to turn Hanover around, we had no idea of cultural transformation. We were just trying to bail out a very sick company. We believed the way to do it was to enlist the energies of our people. We started by defining a purpose . . . we thought if we did that right, we'd solve the problem. That was only the lip of the iceberg! So we began to look for deeper principles . . . we never thought of values. We had sayings such as, "Substance always transcends façade," because we saw people doing things to look good . . . they weren't as concerned with substance.

Jack coined the phrase, "If you don't want to read about it tomorrow on the front page of the Boston Globe, *don't do it!*" We had a smorgasbord of principles. I'm sure the cynics were saying, "What are these guys going to come up with next?"

We had an enormous appetite to take the purpose and these slogans and integrate them into a cohesive set of beliefs. We struggled with that.

Then one day, my daughter came home from school. An eighty-year-old nun, Sister Denisita, had a course on values, and my daughter got me involved in her homework. "Values . . . deeply held beliefs, freely chosen, that have a profound impact on the direction of one's life." Wow! I can remember looking at that . . . I took half her homework away! *This is what we need to pull all our fragmented ideas together into something cohesive!*

I took a couple of days off and sat in the backyard and tried to sort out all the principles. I came up with seven values: Merit, Openness, Localness, Leanness, Responsibility to the agent, Responsibility to the customer and the body of ideas built on McGregor's theory Y. I can remember going back to work and talking to Jack. I couldn't get Jack to agree . . . but I couldn't get him to disagree either. He was not comfortable that we'd get widespread acceptance. So very wisely, he said, "Why don't you take a little time at the next direct reporters' meeting and introduce them?" It was terribly discouraging . . . *I got no reaction!* I came out of the meeting saying, "How the hell do I get so excited about these ideas and nobody else does?"

**Roger:** So how did they become excited?

**Bill:** We'd have meetings . . . and you know how meetings can get off track . . . people are frustrated. Several times people said, "Well, Bill, this gets back to what we were talking about back in June." This happened over a period of several monthly direct reporters' meetings. So we did the conversation about values all over, and there was a rallying around, "*We need this!*"

**Roger:** Much of your current work is about moving from command and control to values and vision based organizations. Why?

**Bill:** The way the human species is evolving, the command and control paradigm is an inferior model. I won't say it's obsolete. If I were running a fire department, I think I'd stick with command and control.

Using your work to become who you are is essential to a happy life. Command and control conflicts with using the talents God gave you to become what you are capable of becoming.

**Roger:** You have said, "The purpose of a purpose statement is to make people purposeful."

**Bill:** That's born out of frustration. So much time has been wasted on perfectly crafted purpose statements, yet you go into major corporations and one of the biggest problems is they're not purposeful. People have jobs that are going-through-the-motion kinds of jobs. The illusion that five people form a committee and compose the right purpose is nonsensical. What we really want are twenty thousand people committed to do what the company is all about.

**Roger:** You really want organizations that will help people become self-actualized.

**Bill:** There are two models I think are congruent. One is Maslow's model and the other is the religious model. Most every major religion has a fundamental tenant that each human being is made in the image and likeness of God. You can get there through Maslow's theories or you can get there through - whether it's Christian, Judaism, Hindu or whatever - most of the traditional religions. Our purpose is to grow in some small way toward His image and likeness. For me the two vehicles are family and work.

**Roger:** So your work is spiritual.

**Bill:** Yeah.

**Roger:** At what point in your life did it become spiritual as opposed to business?

**Bill:** I don't think there was ever a point where it was one or the other. You know, I'm a damn good businessman! *I mean I know return on equity.* I believe a business has to create wealth. I'm a Christian and a capitalist, *in that order* . . . it's not one or the other. I'd rather have the market decide who succeeds than some government official . . . church official . . . or some other "in group". There will always be more demand than supply and the best way to rationalize supply and demand is capitalism. But, for me, the spiritual order is higher than the economic order.

**Roger:** You have tremendous faith in human beings.

**Bill:** Culture can only be voluntarily accepted . . . it can't be forced. But, I do believe if we put merit, openness and localness before people, in contrast to politics, bureaucracy and verbal B.S., the majority will pick values. I believe that.

**Roger:** Can you define Merit, Openness and Localness.

**Bill:** Merit is removing self-interest from decision-making . . . focusing on what's good for the whole. It's a simple concept-everybody buys it - but hard to practice . . . particularly in a culture saturated with political, bureaucratic history.

By Openness I really mean three things. One, is having the confidence to hold conversations around our deepest assumptions and making them explicit . . . so they can be tested. Then we're guided by getting the best answer as opposed to who's on each side. The second dimension is that people have to understand the whole game. In baseball, for example, they know the rules and can keep score. They better have comparable knowledge about their business. The third is truth. We have institutionalized the profession of "spin" . . . the intention to mislead. There's enormous energy and trust to be gained by making a corporation as "spin free" as possible. If you get at the root problems in most corporations, it's not that they're not smart enough to figure out the answers, it's that they can't get anybody to believe them after they do!

The third value is Localness . . . the pushing of decision making down to a level at which competence can be grown to handle it. It's not just a corporate phenomenon . . . I think it can exist between a cook and a dishwasher! We constantly create the opportunity for that person to use more and more of their capacity. It's born out of the principle of

Subsidiarity . . . which came out of Europe in the fourteenth through sixteenth centuries to break up the feudal kingdoms. It's a usurpation of right order for a higher level to intervene at a lower level if the lower level can do it itself.

To put it in practical terms... Vice President X flies to Chicago because somebody quit. Solved the problem . . . got rid of the issue. Later in the week, he's going someplace else . . . lost a good customer. Next week he goes someplace with another problem. What he's doing is perpetuating dependence! The people in Chicago ought to be able to solve the problem! But he so over controls that they can't solve it or develop the self-confidence. People at that level are being paid to build self-reliant, confident people . . . not be running around the country like volunteer firemen!

**Roger:** You actually use the "L" word when you talk about organizations. Can you talk about Love?

**Bill:** It's a word we associate with romance or families. But the deeper meaning is a passion to help others complete themselves. I think love is the highest form of energy. You can run a company on fear, you can run it on greed, you can run it on applause, you can run it on the pursuit of moral excellence... and you can run it on love. I think it's a very powerful form of energy.

**Roger:** In your years as CEO of Hanover, the financial results consistently bettered the insurance industry average. Then, when there was a change in the control of the Board, you left. How did you feel about leaving?

**Bill:** I get asked that question a lot. When I was in college I had a professor named Father Higgins. One day, in a business course, somebody asked him about loyalty. He said. "You have loyalty to people, principles and values. You don't have loyalty to corporations. They're artificial entities." When the corporation changed, I had no loyalty. Did I feel sad that a lot of people's lives got disrupted? Yeah, I did. The Hanover experience was very generative for a lot of people . . . they came out of it much larger than they went into it. They found a lot of acorns that sort of blossomed . . . we have probably five or six presidents of emerging companies.

**Roger:** Now you are working with Joe Jaworski at the Centre for Generative Leadership. Can you tell me about that?

**Bill:** I'm amazed that the kinds of transformations that took place at Hanover, and at companies like Herman Miller, are in the works at so many prominent, global companies. With Joe, we are working with transformations on a much larger scale.

**Roger:** How do you go about that?

**Bill:** We do a series of deep interviews - which Joe has distinctively designed - and we paint a picture of the cultural forces really at play. We identify the deep issues and design programs to overcome performance and learning impediments. Then we do coaching... take people through the difficult transition from "I'm the boss, I'll tell you what to do!" to a more generative form of leadership. We also have a unique capacity in scenario planning. Joe, as you know, headed scenario planning at Shell and Adam Kahane was the project manager of the Mont Fleur scenarios that were so helpful in South Africa's transformation from Apartheid.

**Roger:** How do you like consulting versus line management?

**Bill:** You know, I don't really feel I'm a consultant. I'm just Bill O'Brien and I come in to do whatever I can to help. I am who I am... I have a certain set of experiences and insights and if they're helpful I'll share them and if not, I'll go on.

**Roger:** You are who you are. So who is Bill O'Brien?

**Bill:** Me? I've thought deeply about human nature and how organizations actually function - particularly where the work takes place. The amount of wasted human capacity in corporations is a tragedy.

I've come up from the bottom ranks – I don't have the handicap of either an MBA or a law degree! I have just thought my way through these issues with a little guy's perspective. I have also been at the very top of a major corporation for a dozen years. What I learned at the bottom had a strong influence on what I did at the top. I saw myself more an architect of culture and strategy than manager of a business.

I have thought my way through the difficult issues of organizational transformation. Some of these issues are about devolving power while maintaining discipline, about keeping the maturity of management ahead of the momentum of the company's growth curve, about clearing out the political and bureaucratic currents that misdirect human energy. And . . . I was blessed with a job where I could put my theories and practices together with a great group of people. That's all.

**Roger:** How do you think organizations will look differently in the twenty-first century?

**Bill:** I think the big difference is going to be inside their people. I don't think there will be a big difference in building design or organizational charts . . . although they'll be flatter and more networked. But that's not going to be the dramatic difference. The dramatic difference in winning organizations is that the people on the front line are going to be making much more leveragable decisions. They're going to have an understanding of guiding principles and have the latitude to make decisions within those principles. Obviously there is going to be enormous technological change to support that, but the big change is going to be inside the human being.

I graduated from college in 1954. Everybody wanted to work for big companies. My kids graduated from college in the late eighties and early nineties and *none* of them wanted to work for big companies! But I think we'll so change the big companies that they'll again be exciting to work for. I think we're going to move the profile from an aggressive to a thoughtful leader . . . the kind of servant leader that Greenleaf describes in his book, *Servant Leadership*, or Joe describes in his book, *Synchronicity*.

**Roger:** What is still left for you to do?

**Bill:** I just go everyday where I'm called. You called me and said, "Can I be in Chicago?" What did I say? "*Sure!*" I never got up in the morning and wrote down goals beyond a daily "to-do" list. Wherever I've come upon a door and I was invited in, I went, I don't have a game plan. I never did.

**Roger:** So you believe in a synchronistic life . . . paying attention to invitations.

**Bill:** I think the invitation comes from genuinely trying to contribute. My father always said the definition of an honest man is that he puts more into life than he takes out. If, wherever you go, you try to put a little more in than you take out you get invitations to do interesting things.

**Roger:** Do you have any concerns that our consumer society is not sustainable?

**Bill:** No . . . that issue has our attention and we'll solve it. I hope we get more interested in spiritual development . . . more interested in love . . . in parenting . . . in education . . . in our neighbor . . . and less driven by *frantic* accumulation.

**Roger:** You have grandchildren. Are you optimistic about the world they'll live in?

**Bill:** It's an exciting time. I think this next millennium is going to be one of integration of faith and reason . . . of religion and science. I think that's going to be very constructive. The most exciting thing is what I call the evolution of consciousness. If you look from our grandparent's time to our own time, there's been an enormous evolution in health, in knowledge, technology. That's going to continue, but it's going to continue also in spiritual consciousness.

One of the dangers is the growing gap between the rich and the poor . . . the haves and the have-nots. If we don't solve that, the potential of the coming millennium will not be seen.

**Roger:** What are the words you would leave for your grandchildren?

**Bill:** I would say to them that whenever a person is on a journey, they need a navigation system. For them and for our family, it's Christianity . . . and I say that with deep respect for every other major religious tradition, or for those who choose not to have one. That's what I would tell my grandchildren.