



Keys for
Future-Fit
Leadership
Academy

The Living Organization

By Giles Hutchins with Hayley Morris

Introduction

As modern humanity, we often pride ourselves on being cutting-edge across business, civil society, science, and civilisation. Yet, truth be told, we are still operating within a 400-year-old 'operating system' and worldview that is now outdated and inadequate for the complexity we face. The interwoven and amplifying crises that make up today's polycrisis, alongside transformative shifts driven by AI and quantum computing, mean that everything from organizational strategy to business process design will need to be rapidly redefined.

To meet this level of complexity, we need an evolution in leadership and culture, moving beyond traditional approaches that will simply fail to keep pace.

This paper explores how organizations can move towards Future-Fitness through leadership and cultural transformation, shifting from the Mechanistic Materialism (MM) worldview to Quantum Complexity (QC), a mindset shift that allows us to attune with the way nature works. In doing so, the organization evolves into the **Living Organization**.

"Any company designed for success in the 20th century is doomed to failure in the 21st."

David S. Rose, serial entrepreneur



Moving Beyond Yesterday's Machine Logic

Under the Mechanistic Materialism (MM) worldview, organizational operations tend to be top-down, hierarchical, command-and-control, transactional, and linear. Inputs, including people, are treated as resources to be managed. At best, this management is framed as 'sustainable' to minimise harm. At worst, people and planet are openly exploited, with 'shareholder profit' treated as a legitimate justification for violations against life.

As leaders shift their worldview, organizations can move towards Future-Fitness by embracing the **logic of life**, rather than the logic of the machine. This is predicated on a shift to Quantum Complexity (QC), informed by contemporary research into complexity, consciousness, adult development, living systems, and indigenous wisdom.

We refer to organizations that make this shift into a QC worldview, and that embody Future-Fitness, as **Living Organizations**. They operate in the way nature works: continually learning, adapting, and evolving. In doing so, they unlock the creative potential of all those they touch, including employees, customers, and suppliers.

"In times of turmoil, the danger lies not in the turmoil itself, but in facing it with yesterday's logic."

Peter Drucker, management guru

Yesterday's Logic	Living Organization
Machine Logic	Logic of Life
Manage-control	Sense-respond
Linear-transactional	Relational-ecosystemic
React against change	Dance with change
Carrot-stick	Developmental
Parent-child	Adult-adult
Organization-as-machine	Living-Organization
Mechanistic Materialism (MM)	Quantum Complexity (QC)

From Reacting *against Change to Dancing with Change*

MM, with its machine logic, treats change as something to be managed with bureaucracy and top-down 'change management programs', aimed at controlling or even defending against change within the organization.

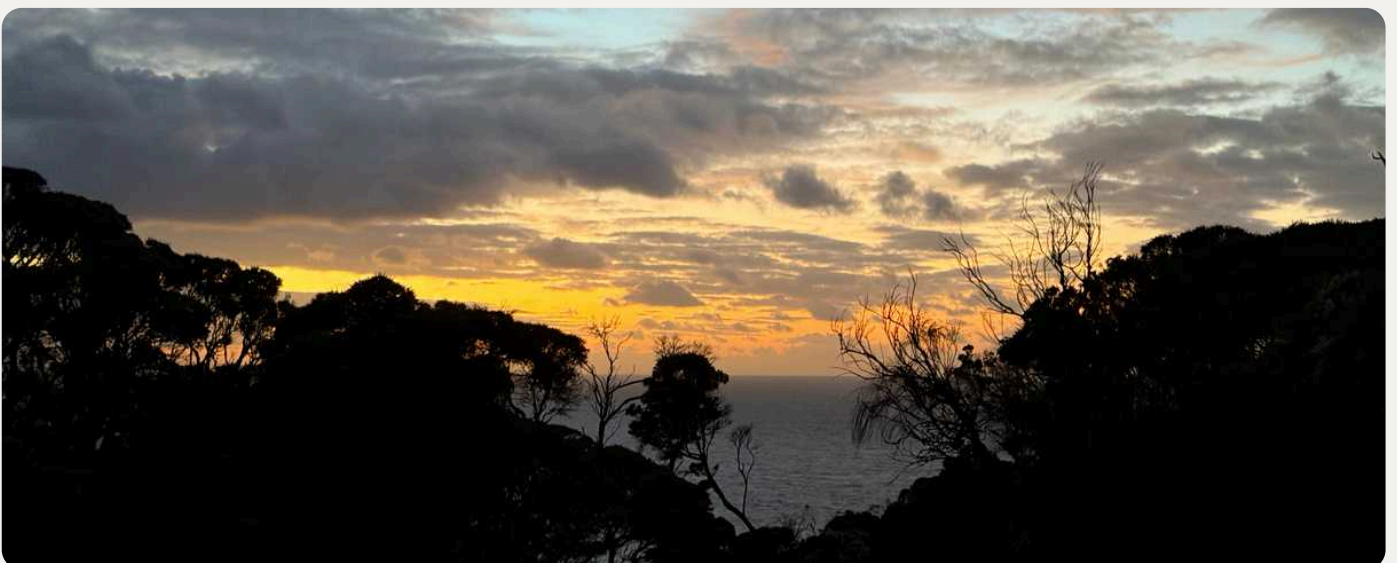
QC, with its logic of life, treats change as an integral quality of life's unfolding and ever-changing nature. Change is an ongoing affair, something to sense-respond with across all levels of the organization.

Rather than viewing change as a separate force the organization must accommodate, we see the organization as a conglomeration of emergent patterns immersed in an unceasing flow of change. From this perspective, it becomes clear that we cannot 'manage' or 'fix' change as something 'out there', because it is interior to the organization's very nature.

Change is an inherent feature of life. The sooner we embrace it as the foundational condition for possibility, creativity, emergence, and entrepreneurialism, the sooner we move towards Future-Fitness.

***"The essence of life is its
continually changing character."***

William James, psychologist



When people in the organization learn to embrace change rather than react against it, they start to embrace life's ever-changing nature as a developmental meaning-making experience. Each work-day becomes a learning experience for becoming more self-aware and system-aware by deepening the authenticity of our work relationships. Organizational cultures that encourage this self-and-systemic awareness help individuals and the collective thrive amid rising complexity.

The single biggest inefficiency in our organizations today (according to Harvard Business School research) is that much of the time we're doing two jobs. One job we're being paid to do and the other job we're not being paid to do yet spending much of our time and energy on: that of managing other's impressions of ourselves, propping up masks, holding-back on our authenticity, playing small and getting caught up in our own (or others) judgements, cynicisms and fears. This is what saps the vitality of the Living Organization like nothing else. Sorting out this inauthenticity, at its root, unleashes far more adaptability and creativity than any tech-app or AI tool can ever solve.

Shifting our perception to the Living Organization immersed in and thriving upon change may seem a bit bewildering and philosophical, but it's actually deeply practical. Simple yet powerful practices like sitting in circle with a talking-stick, deep listening, dialogue, giving and receiving feedback, cultivating coaching conversations, engaging in developmental learning journeys and moments of silent reflection, work wonders for allowing authenticity and new thinking to emerge.

"In organizations, real power and energy is generated through relationships. The patterns of relationships and the capacities to form them are more important than tasks, functions, roles, and positions."

Margaret Wheatley, organizational specialist



The Four Circles of the Living Organization

The shift to a **Living Organization** requires a developmental up-stretch at the level of the leader (**Self**) and the organization (**System**). To help bring this to life visually, let's use four overlapping circles, with two circles relating to the **Self** - living and leading; and two relating to **System** - culture and impact.

These four domains move from being separate competing areas amid **MM** worldview, to interrelating synergising circles with a **QC** worldview, and the corresponding shift to a **Living Organization**.

Our **Living** (consciousness & wellbeing) reorientates as our center of gravity moves from ego-surface into soul-depth. This represents the leader's journey of becoming towards Future-Fitness.

Our **Leading** (vertical development) reorientates as our leadership style moves from a predominant Achiever control-manage, to Regenerator sense-respond.

Our organization's **Culture** (essence, purpose, values, behaviours) reorientates from top-down command-control siloed organization-as-machine to consciously becoming a Developmental, Evolutionary and Emergent (DEE) culture.

Our organization's **Impact** (ESG, brand, value-propositions, stakeholder relationships) reorientates from linear transactional trade-offs and mechanistic metrics to systemic win-win-win circulatory value flows that benefit all aspects of the stakeholder ecosystem touched by the organization - economic, social, ecological. Brand is no longer PR 'outer' orientated, but an authentic alignment of inner (culture) and outer (stakeholder relations & propositions).

The centre point of these overlapping circles is the heart of the **Living Organization**. It is enabled by integrating how we live and lead with the culture the organization creates and the impact it generates, all in service of life. This is what we mean by **Future-Fitness**.

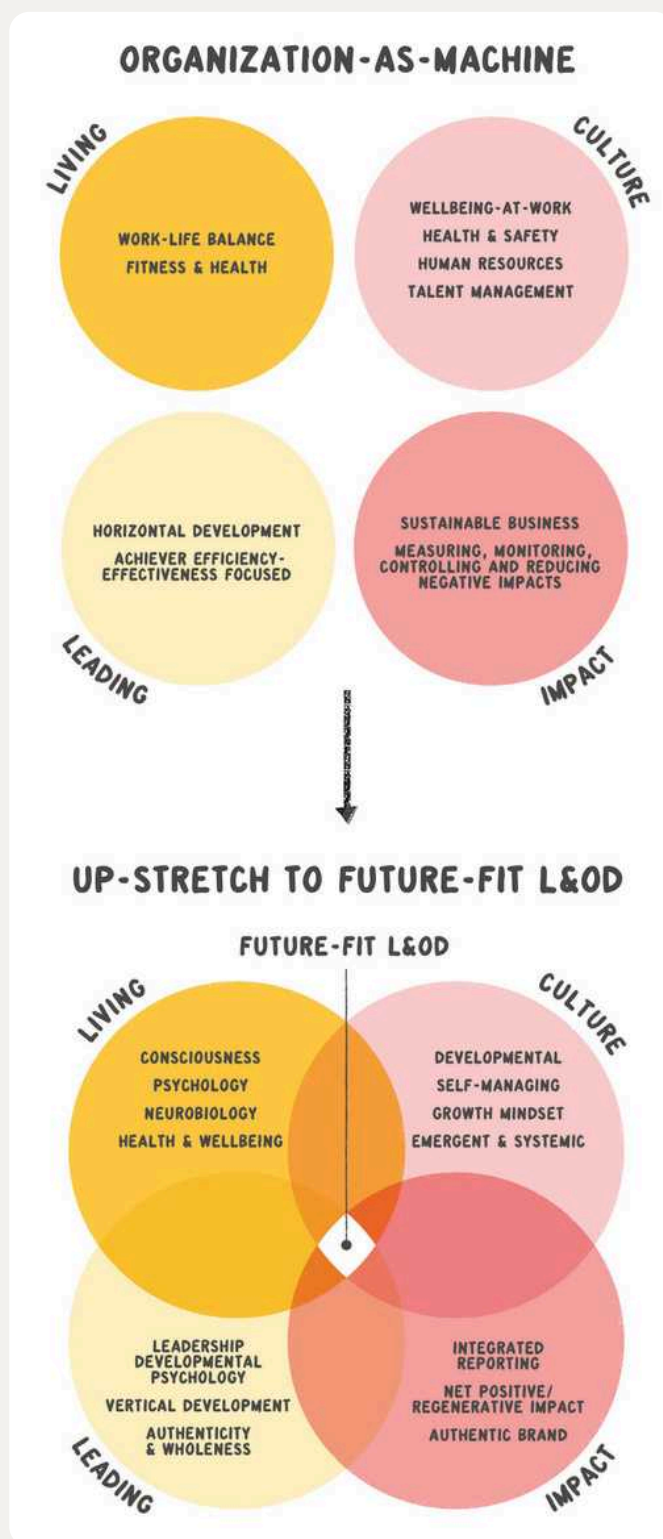
It is important to remember that it's an *inside job*. It starts within ourselves, and within the organization's inner nature, its culture. As we stretch into the new worldview (QC) and learn to dance with change from the inside out, our impact naturally evolves in an authentic way.

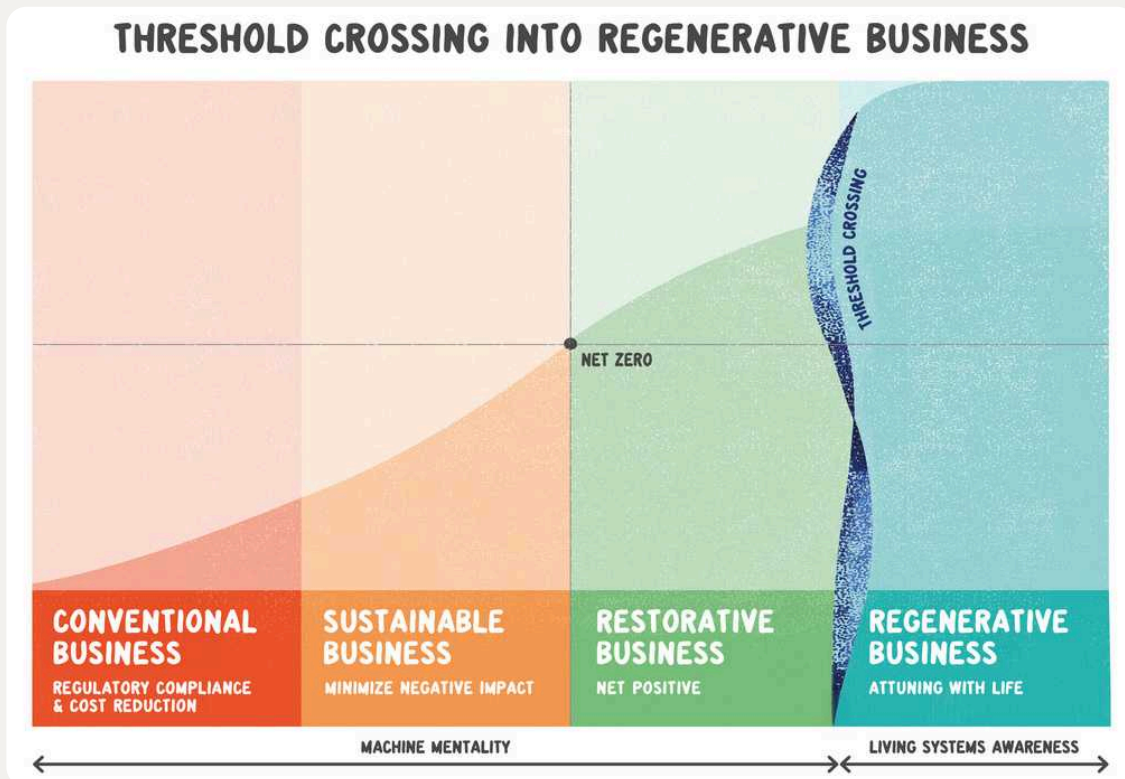
"The one who looks outside dreams. The one who looks inside awakens."

Carl Jung, psychoanalyst

If we compare a **Living Organization** (also referred to as a Future-Fit or Regenerative Organization) with familiar terms such as sustainability, Net Zero, and Net Positive, we can see how the MM worldview keeps these four circles separate and siloed. Because they have not emerged from the inside out, they are easily, and often, deprioritised in response to external pressures or shifting priorities.

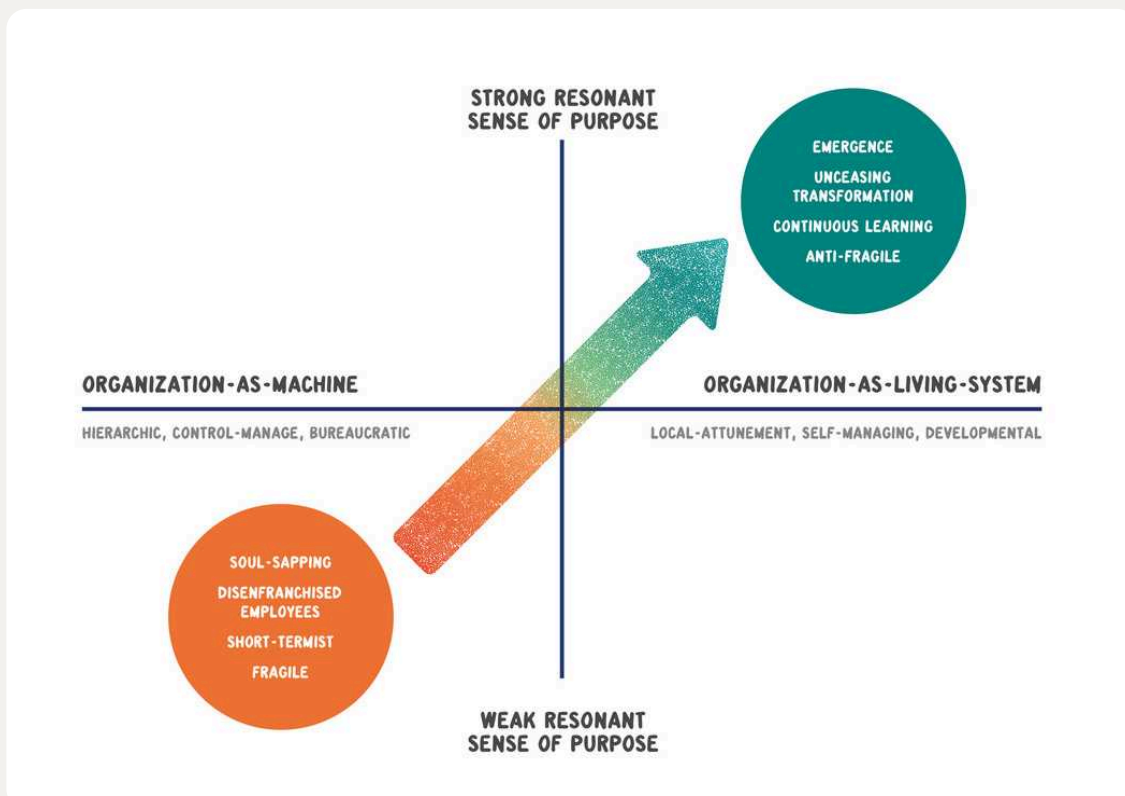
When an organization crosses the threshold and operates predominantly from a QC mindset, it begins to think and act in line with living systems. In doing so, it becomes a **Living Organization**.





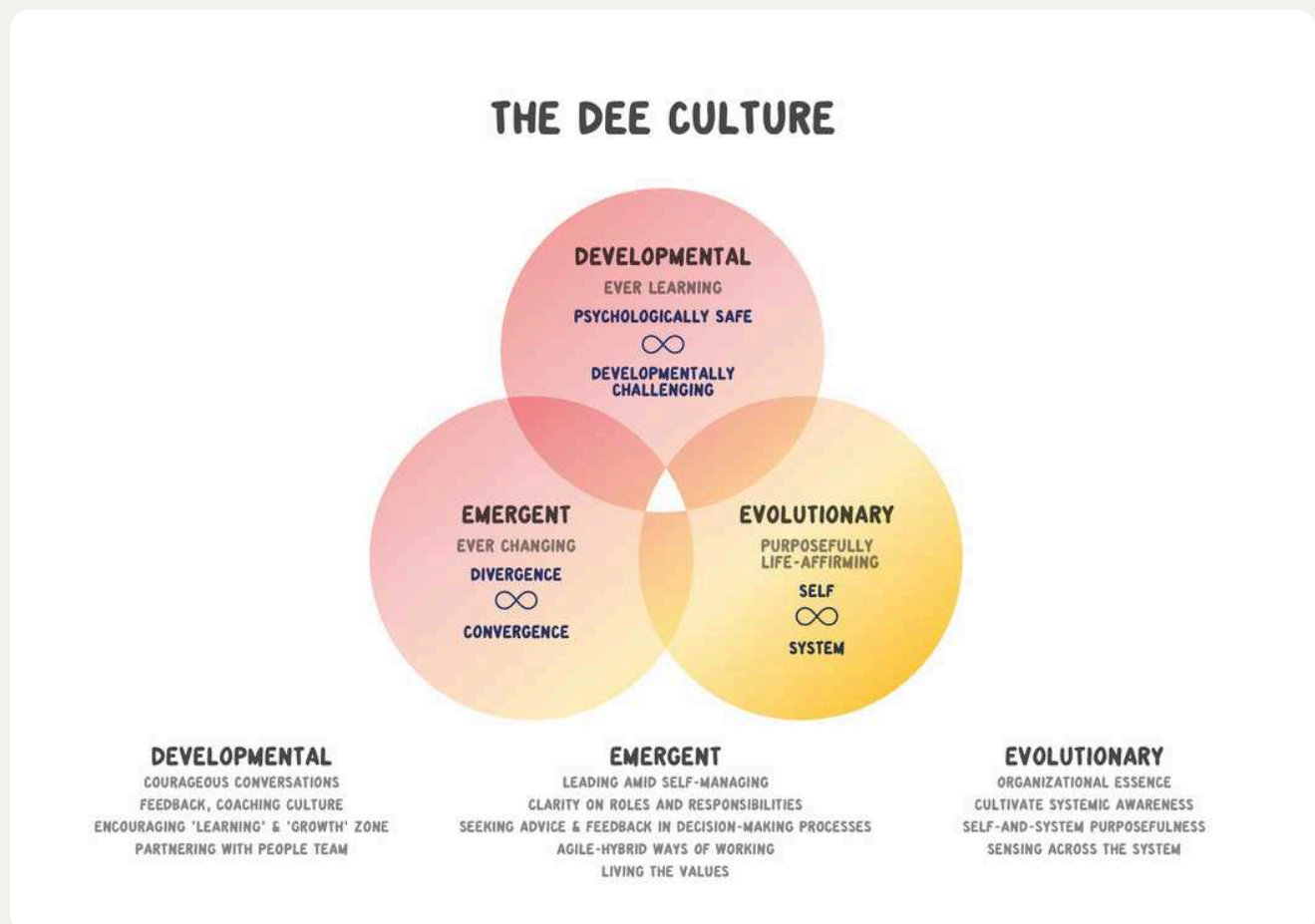
The main task in this transition is to attune the inner-outer nature of the organization and the inner-outer nature of the leader. It's this integration that allows organizations to move from fragile, stressed-out, soul sapping cultures with a weak sense of purpose (the 'bottom-left' quadrant of the below image)

that struggle against change, to developmental and emergent cultures that unlock people's creative potential for high impact value creation while dancing with change. To help us with this inner-outer alignment is the **DEE Culture**.



The DEE Culture

In the book **Keys for Future-Fit Leadership**, the living-systems frame of the **DEE Culture** explores three key ingredients for cultivating a **Living Organization**: **Developmental** (ever learning); **Emergent** (ever changing); **Evolutionary** (purposefully life-affirming).



Developmental (ever learning)

The Living Organization is constantly creating, prototyping, adjusting, learning, growing, harvesting, releasing, renewing. And it's important to emphasise that by 'growth' we don't mean the maximisation of scale, production, and profit. We mean psychological 'inner-growth' by becoming more integrated and authentic in our relationships - inter-personal, inter-team, inter-organization, inter-stakeholder - which contributes to the 'outer-growth' of the organization's life-affirming value propositions, i.e. increased regenerative impact which enriches life's flourishing.

This calls for a greater understanding of authenticity and purposefulness for ourselves as leaders and throughout the culture. It's what the organizational specialist Frederic Laloux refers to as 'the journey toward wholeness', and what Harvard professors Bob Kegan and Lisa Lahey call 'deliberately developmental organizations'.

Developmental organizations encourage our becoming more authentic and purposeful. Everyone in the organization has the opportunity to thrive. The culture celebrates learning. This requires a culture that nurtures a psychologically safe and developmentally challenging environment for everyone to learn and grow in ways true to themselves. This creates a tension that as leaders we learn to hold: on the one-hand creating psychological safety (where people feel safe enough to open up and work through fears, and honestly reflect, share and learn) yet on the other hand stimulating developmental challenge (where people are stimulated to move through the comfort and fear zone into the learning and growth zone).

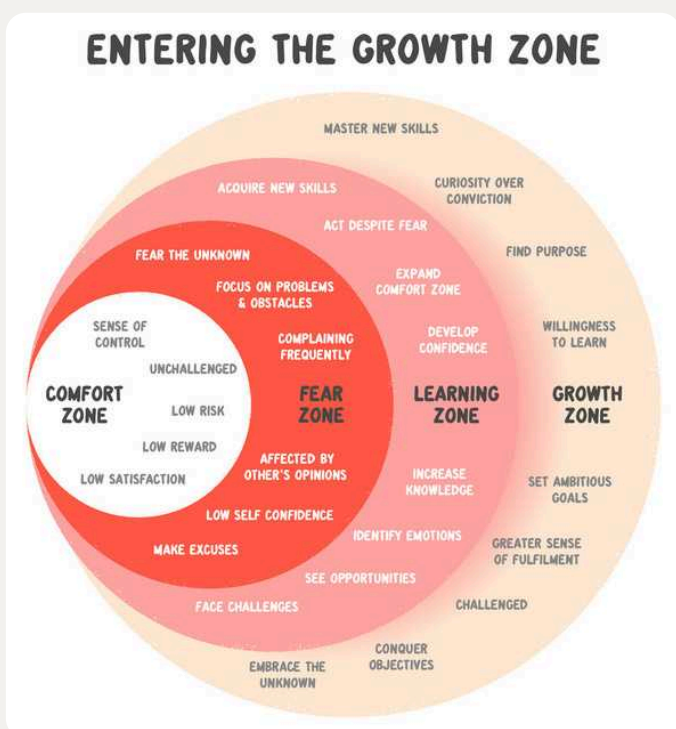
With the right holding of the tension, we cultivate a learning environment that allows for plenty of space to reflect, discuss, and share constructive feedback in ways that encourage high-performing teams with a growth mindset. There are many tools and techniques to help this cultivation of a developmental culture. Leaders can lean on deep listening, dialogue, coaching conversations, sharing circles, and group sessions away from the normal working environment, such as nature immersions where people can openly reflect and share, in order to hone-in on what to learn and how best to grow.

Developmental characteristics:

reflection-in-action, coaching conversations, feedback

Developmental tension:

psychological safety ∞ developmentally challenging



If we overly focus on psychological safety, we may unwittingly encourage people to stay in the comfort zone and not take responsibility for working through their own stuff in order to grow. Alternatively, if we overly focus on challenging people to grow, we may unwittingly encourage people to become inauthentic, manage others' impressions of themselves, no longer sharing what's really going on for them in order to look good.

Emergent (ever changing)

Emergence is the way all living-systems, including our organizations, adapt to change. Emergence is propelled by tensions. Tensions create the energy that stimulates and cajoles us out of the status quo. These tensions arise between the space of divergence (diverse perspectives, self-management, distributed leadership) and convergence (alignment around purpose and values, clear roles, responsibilities), and in the sweet spot between divergence and convergence, emergence is created. Too much divergence, and chaos ensues. Too much convergence, and rigidity forms.

The Living Organization's developmental culture is indispensable because it's a psychologically safe yet demanding environment that permits everyone to embrace complexity and grow through tensions. The culture creates the right space for tensions to be held, observed, and allowed to unfold in ways that provide the right learning environment for diverse people with different stress and anxiety tolerances, thus becoming emergent. However, reduce anxiety all together and you take out tensions, and the organization loses the ability to adapt and evolve.

Our everyday conversations provide creative crucibles for noticing and reflecting inward (self-awareness-in-action) and outward across the system (systemic-awareness-in-action).

By practicing listening inwardly (within our own selves) and outwardly (with others) we move to a state of presence. Gaining awareness of how we deal with our own and others' anxiety in working through tensions (psychologically safe yet demanding environments) is a continuous work-in-practice each day, in every moment, where mistakes are opportunities to reflect, learn, and grow. The more we invite this different attitude into conversations at work, the more emergence flows.

Emergence characteristics:

tension-transmutation, self-management, dialogue

Developmental tension:

divergence (chaos) ∞ convergence (order)

Evolutionary (purposefully life-affirming)

The QC worldview shows us that the Living Organization is adjusting and adapting both within itself and with its external environment through myriad diverse relationships on an ongoing basis. Everything is in unceasing participation with everything else. With the shift into QC, we ease out of the feeling the need to compete, assert, control, and survive. We let-go of the personal will's ego-orientated, achiever drive and awaken a deeper purposefulness within ourselves and with life itself, whereupon we find ourselves on our own inner journey.

But what's relevant here is that this individual purposefulness provides a less acquisitive and ego needy 'What's in it for me?' and a more vulnerable, sensitive, and open way to work with the purposefulness of the Living Organization. As our dharma (our inner truth) starts to resonate with the purpose of the Living Organization, we ask new questions.

'How can I best help the organization become a truer version of itself?'

Psychological energy that was consumed by the need to relentlessly achieve to better one's career, status, salary, and personal ambition is now flowing into sensing-responding to what genuinely serves the organization and its purpose beyond hitting the numbers.

'What is the organization here to do and be?'

The more we become attuned with the systemic dynamics within the organization, the more we sense what best serves the evolutionary potential of the organization and the more we acknowledge what is holding it back from serving its life-affirming purpose. By moving beyond the normal daily routine, and exploring the edges of the living-system we aid our understanding of the dynamics of the organization and its market context. We can gather insights from a diverse range of stakeholders - investors, customers, suppliers, ambassadors, thought-leaders, advocates, social media networkers, regulators, partners, even competitors - on how the market-systems we operate in are emerging. This can provide useful insight on evolutionary pathways ahead.

Evolutionary characteristics:

Sensing across the ecosystem, listening to the Living Organization's evolutionary purpose

Developmental tension:

individual purposefulness ∞ organizational purposefulness



In Summary

The Living Organization, informed by the logic of life, rather than machine logic, embraces change and the crises ahead with a different mindset, not the mindset that created the problems in the first place.

The **Living Organization** can be seen as an exquisite live-lab of learning. Where each day makes up the learning journey toward Future-Fitness by working with the DEE tensions: **Developmental** – psychologically safe yet developmentally challenging; **Emergence** – divergence and convergence; **Evolutionary** – self and system.

Through our self-and-systemic awareness we contribute to regenerative ripples and repercussions that help to continually enliven the Living Organization amid a sea of ceaseless change.

The threshold-crossing from MM's machine logic to QC's logic of life involves all four circles of Living, Leading, Culture & Impact undergoing a shift from separateness to inner-outer integration. When in MM's separateness, the four circles are treated as different domains. For instance, 'sustainability' is seen as a different domain with a different department and different business case to 'human resources' or 'business strategy'. As we move into QC it becomes apparent how wellbeing, adult development, sustainability and culture all work together to enliven the **Living Organization**.

Underpinning all of this is our own quality of consciousness – our self-and-systemic awareness. We begin to engage with life and the **Living Organization** in a subtly (yet profoundly) different way; one that seeks to work with and serve life rather than control and exploit it.

Underlying all this complexity is a beautiful simplicity: *in learning to work the way nature works we are naturally Future-Fit.*

This journey is not for the faint hearted, and it requires immense courage. We are unpicking, unlearning, and letting-go of the habits and patterns we became inured over centuries of MM's flawed worldview. At the same time, we are awakening, remembering, and renewing ancient and almost forgotten ways of being in right relation with life, which draw upon the latest findings in neuroscience, quantum complexity science, developmental psychology, and consciousness research.



About the Authors

If you would like to explore the themes explored in this Paper in more detail, then you can tune-in to the Keys for Future-Fit Leadership podcast found [here](#), and feel free to contact the authors Hayley Morris and Giles Hutchins [here](#) for further conversation.



Giles Hutchins

Thirty years of professional advisory & leadership experience, formerly Director of Business Transformation & Head of Practice with KPMG, and Global Director of Sustainability Solutions for multinational Atos (150,000 employees across 42 countries), last 14 yrs as Executive Coach, thought leader and advisor on future-fit leadership. Author of 7 critically acclaimed leadership books and several leadership papers. His coaching work has been called 'life changing'. Find out more about his coaching [here](#). His Leading by Nature podcast can be found [here](#), which interviews a selection of his coaching clients.



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[Hayley Morris](#) is an Australian philanthropist, impact investor and social entrepreneur, with 20 years' experience across business, philanthropy, investing and systems change. She has co-founded Sustainable Table, Climate Zero, The Regenerative Leader, and farm-to-table restaurant Barragunda Dining. She leads her family's philanthropy and impact investments through the Morris Family Foundation, is a Director of her family office, The Morris Group, and is a certified leadership coach in vertical development, working with change leaders across the impact sector.



Keys for Future-Fit Leadership Academy

Co-founded by Hayley Morris and Giles Hutchins, this leadership academy is dedicated to facilitating a developmental up-stretch toward life-affirming Future-Fitness for purpose-based leaders, philanthropists, impact investors and systems-change practitioners, see www.kffla.co