



Article by Darwin Gillett for DOM Magazine

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The Invisible Heart

Want Great Performance?

Then Call Forth the Great Hidden Resource in Business
- the HUMAN HEART

“Great hearts send forth steadily the secret forces
that incessantly draw great events.”

Ralph Waldo Emerson

In his monumental book, *"An Inquiry into the Nature and Causes of the Wealth of Nations"* Adam Smith wrote in 1776 that the *true* source of wealth of a country was not its store of metallic treasure, but rather the industriousness of its citizens. He explained how a *country* prospers when its individual citizens follow paths to their *own* prosperity. In this ringing endorsement of economic freedom, he claimed that each person making economic decisions that benefit himself/herself also benefits the whole. This, he observed, happened, as if people's economic behavior were guided by an "Invisible Hand".¹

My thesis, based on increasingly loud messages from my business experience, is that *now* what makes companies, their leaders (and even their countries) successful is not so much an Invisible *Hand*, but rather an Invisible *Heart*. Heart, because that is the human energy center that increasingly accounts for corporate success. "Invisible" because the nature of Heart is not to be loud or ostentatious. The Western business world is so Mind-centered and Action oriented, that it does not even see the Heart, steadily at work building and fueling great companies.

My intent is to make that Invisible Heart more visible. I will address five questions:

- 1) What are the HEART qualities that are increasingly fueling Competitive Advantage?
- 2) What Experiences led me to shift my attention from Mind to HEART?
- 3) How does the HEART build Great Companies and Generate Great Performance?
- 4) Which COMPANIES are tapping HEART energy, how, and with what impact?
- 5) What can YOU DO to activate Heart – to achieve big goals?

1. HEART Qualities that are increasingly Fueling Competitive Advantage

"The real voyage of discovery begins not in seeking new landscapes, but in having new eyes." - Marcel Proust

How will companies and leaders succeed in the future? Most senior executives answer that question by naming the current or expected trends, saying they will have to address those trends better than other companies presently are (using the full power of their collective Minds) and take the Actions needed.

Increasingly I see a different way from this historical path to success, namely by inviting into the company a different form of human energy than has so far been the driver of corporate performance, namely Heart.

Georges Blanc, associate professor at Fundação Dom Cabral, in his article "A New Vision of the Firm and of its Strategy" in the 35th anniversary Special Issue of DOM Magazine, described ways in which

business must change and adapt so that it survives and thrives. I would like to pick up on his article, as it relates to how a company creates competitive advantage. In doing so, I will also address the nature of the “firm” and its Human Capital.

Traditionally our “eyes” have viewed business as a *mental* entity. We have seen business in terms of its form (products, services, and facilities), its people as Minds, its business processes largely in term of mental activities, and its management process largely in terms of decision-making and control.

In this kind of hologram that we have collectively created over the generations,...

- a) MIND is dominant:
- b) ACTION is revered, and is the vehicle to success
- c) HEART is viewed as a foreign element, suspected of being weak, and rejected as irrelevant or even counter-productive

Thus most managements focus on finding better *answers* to business challenges from the Mind and then putting them into Action. This has led to ever more complicated business models and methods. A whole new business model seems to be emerging, one built with Heart energies not just with Mental energies. This new business model will:

- 1) Be characterized more by Higher Purpose than just by material gain
- 2) Operate with policies that honor ALL of the human ingredient
 - Body, Mind and Spirit
- 3) Will build the business on a foundation of Relationships, not just on Transactions (which will be properly viewed as the *fruit* of relationships)
- 4) Will be characterized by Giving as a natural human function that can fuel business success

5) Will provide Meaning – by responding to the Heart

2. Wake Up Calls from the HEART: Experiences that opened my Mind to Heart

*"The greatest obstacle to discovery is not ignorance
- it is the illusion of knowledge."
- Daniel J. Boorstin*

I started out in business believing that I knew what business was about: economics, finance, operations, marketing, and (oh, yes) the basics of personnel.

It took many years to realize that what was missing in the companies I worked for - and in my own business life - was Heart. When I went to work fresh out of business school, I automatically went into Mental mode and began building financial computer models of operations and whole companies.

I gravitated to strategic planning, eventually serving as director of corporate planning for a (then) Fortune 500 company (Hubbell Inc., an electrical manufacturer). I also provided consulting to large companies as well as several smaller firms, especially professional service firms.

But there were clues along the way, which I recognize now, but did not at the time, because my view of what was appropriate in business was so ingrained that I never questioned it. These were:

- In my mid-twenties, I worked for a large Chemical Company as a financial analyst. I struck up a friendship with an office temporary who was there earning some extra money while trying to break into Broadway. One day he asked, "What are *you doing here*?" The question hit me like a rock. It made me realize that I was not expressing or using all my *talents*. At the time, I did not realize that it was really my heart that was lacking expressing
- In my mid-thirties, I worked in a small conglomerate, where I introduced a mini-computer. I programmed it to churn out pro forma financial statements which the president used on his frequent visits to banks to try to arrange more financing. The banks were

impressed (this was the mid-1970's!). As I was working away on the computer one day, which was housed in a storage room, a voice inside me said: "What are you *doing* in here with this *machine*? You are meant to be out working with *people*!"

- Later, in my mid-forties, I was director of corporate planning for the electrical manufacturing company. I often traveled with a Group VP on the company plane to one of his divisions. Vin taught me much about the heart at work. On one trip to a division he used to be president of, he began talking about his style of leading. He said, "If I walk slowly around the plant with a big frown, people will immediately assume the worst, such as: 'corporate is displeased with our performance and is going to shut down the plant'. So when I go into that plant, I will walk quickly with a big smile. I know these people will go home tonight and tell their families that the 'big guy from corporate came to visit today, and asked me how the new machine is working.' They'll be proud of themselves and the plant. I know. I was there once. I loved working down in the division. I regularly got the management team together. We'd have pizza and discuss more ways to make the division even more successful. When I left for the corporate job, I was the last one out of the building that last Friday. I walked around that empty plant - and just bawled".

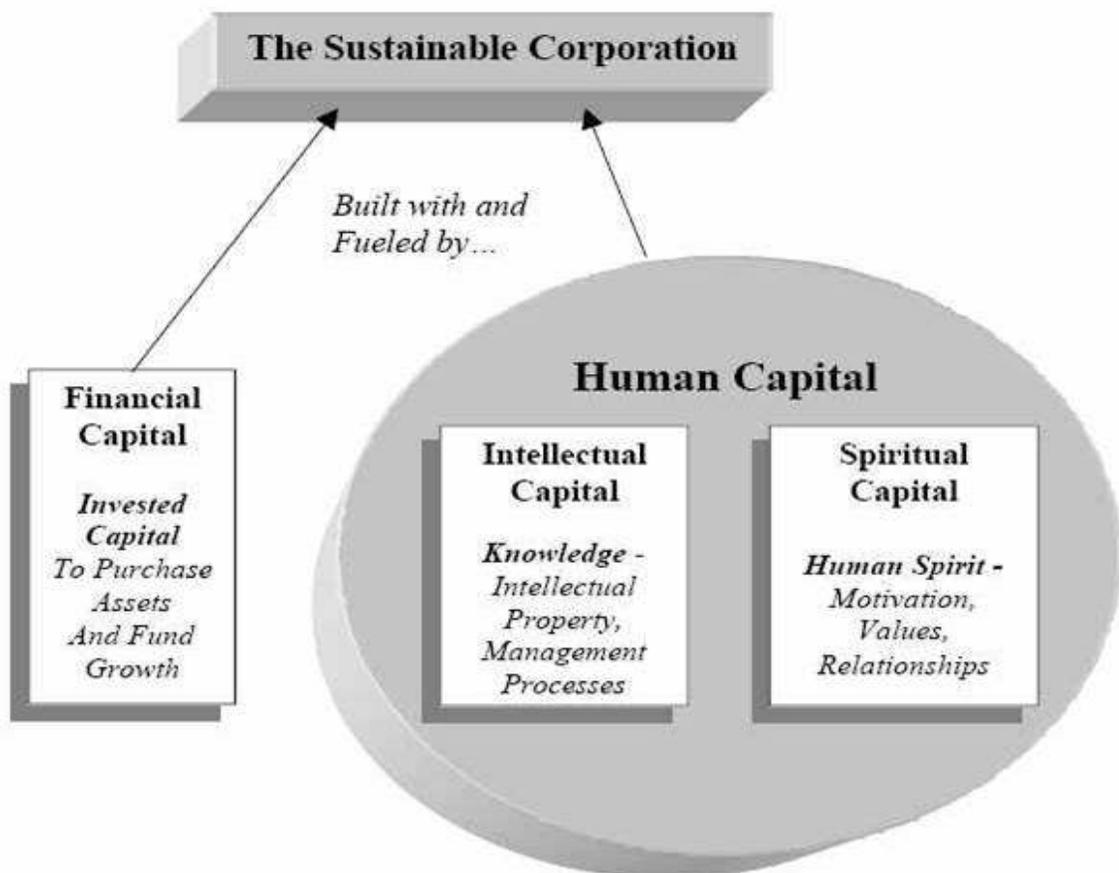
Have you too awakened to the Heart dimension of yourself and of business – particularly the power of heart that fuels better performance? If not, be on the lookout for clues along the way.

Later, from the mid-1990's on, I began giving talks about the role of Spiritual Capital and Heart in corporate success. I also started meeting presidents, CEOs and entrepreneurs who inspired me with their stories. What ties all the stories together is the heart. Those hearts were invisible to see if you looked through traditional glasses, glasses that focus on what they *Thought* and *Decided*, and what they *Did*. No, these were leaders who *Felt*, who had great *Visions* that they were *Passionate* about, and who were *Connected* with others in a way that *inspired* those people.

3. Mileposts: Building HEART into the "Business Model"

"Do you remember how electrical currents
and 'unseen waves' were laughed at?
The knowledge about man is still in its infancy"
- Albert Einstein

The first step I took in developing a model with Heart in it was in the mid 1990's as I was working on what became the NOBLE ENTERPRISE book. Before delving into that, though, let's first look at Human Capital. When I first saw the Fortune magazine cover story title about Intellectual Capital in the mid 1990's, I knew then that what I had been working on was really "Spiritual Capital". Here's how I portrayed it in the NOBLE ENTERPRISE book:



Speaking during the 2000's at the Fordham Business School (New York) and at the executive program at the Olin Business School at Washington University in St Louis (Missouri), I developed the following diagram.

Sources of Competitive Advantage



The main point is that most managements of US companies were still looking “*outside*” to find sources of competitive advantage. But sitting right under their “*noses*” were powerful *inner* sources. As “*inner*” sources, these had the added advantage of being invisible to competitors, who were likely still working on the external sources.

In *NOBLE ENTERPRISE*, I defined Spiritual Capital as being made up of the energies of:

- * Heart
- * Emotion
- * Will

Emotional energy is being well explored and described in the Emotional Intelligence community. Will energy has been recognized. What was “new” was “heart”. And it turns out that Heart is the most important component of Spiritual Capital

4. EXAMPLES: COMPANIES that are tapping HEART energy, how, and with what results

“The golden core of leadership is the ability to raise aspirations. Aspiration doesn’t just build companies, it builds civilizations. It changes a set of ordinary people into a team of extraordinary talents, empowering them to convert plausible impossibilities into convincing possibilities.”

N.R. Narayana Murthy, co-founder, non-executive
| chairman and chief mentor of Infosys Technologies Ltd (India),
Member of FDC’s International Board

Now let’s look at some examples of companies and their leaders who are building success with the energy of heart.

1) AT&T Canada (1995-1999)ⁱⁱ – Uplifting PEOPLE and PROFITS

The banks that were overseeing Unitel, a troubled Canadian telecom company – which was losing one million Canadian dollars per *day*, asked Bill Catucci to be the CEO of the newly re-capitalized company.

Catucci had signed a three-year contract as CEO. His work was now finished when I met him on his last day. In his office, he told me the story of the company’s transformation. In short,

- * the company was now worth several times its value just three years earlier.
- * The annual operating loss had been eliminated.
- * Quality had improved dramatically,
- * Customers had come back,

* Revenue was rising dramatically

* Market share rose.

All of this was powered by a remarkable simultaneous resurrection of employee morale. The company had been ranked by Hay Group in its annual survey in the bottom 5% of 500 North American companies. After just three years, it was now near the top. Catucci was a Finalist for Canadian CEO of the Year.

Before I left, he invited me down to the lobby of the Toronto company headquarters for his retirement party. The elevator doors opened on the ground floor. My eyes saw hundreds of well-wishers but mostly I felt the huge energy emanating from all those people, expressing gratitude to the leader who had saved their company – and them. Surely this was heart energy, as I heard all the heart-felt speeches of thanks, including Catucci's own words:

"After three wonderful years, I will return to the U.S. with a fuller appreciation of the greatness of this country and its people. And, wherever I am, there will always be a place in my heart for the wonderful people of AT&T Canada Long Distance Services.

"You have a lot to be proud of. This company is one of the leading companies in Canada. Who would have thought that possible just three years ago? One of the main reasons is because of the people standing right here. I see people of integrity, people of good will, people who respect others, and people who truly care about customers. Keep vigilant about our values. Keep nurturing that spirit we created together."

2) **Kenneth Boroson Architects (U.S.) – Building Success on VALUES**

Ken Boroson founded an architectural firm in New Haven, Connecticut, in 1988 specializing in civic and community projects serving educational institutions and other large clients. He participated in a peer advisory group that I created and facilitated with a colleague in the late 1990's.

At the beginning of the program, Boroson said his purpose for being in

the group was to fill his “blank management page.” After one of our sessions devoted to values, he invited his employees (now totalling 17) to help him develop values for the firm and to help make them real. At each session of our group, he reported with amazement how the level of energy and participation had risen.

He reported that the firm had become a warmer, more inviting, positive place to work - with a shift of energy from anger and back-biting to enthusiasm and creativity. Now when the firm makes presentations to potential clients, they describe their values right up front, whereas they used to present merely photos of their work. They developed a new logo, showing the firm’s values prominently.

Reflecting on his firm’s success, he commented, “Sure, the economy is recovering and we’ve been growing a little each year, but I have to believe that our recent growth - 350% over the prior year - with an increase of only 140% in people costs - is a direct result of what’s come out of this group and our work on values.”

3) **Infosys Technologies (India) – the Power of GOODWILL & RESPECT for Customers**

When N.R. Narayan Murthy and six colleagues set out in 1981 to build a global company, they wanted to capitalize on the trend toward Globalization¹. They had scraped together starting capital of \$250. Though they recognized the challenges of starting a business in socialist India with its bureaucratic hurdles, they were determined to succeed.

Twenty-five years later, when Murthy retired, **Infosys Technologies Ltd**, had become India’s leading IT company, their customer base had expanded to hundreds from one, employees had grown to 58,000 from seven, and market capitalization had risen to \$20 *billion* from only \$250. Commenting on the importance of their founding philosophy, Murthy observed:

¹ This story is taken largely from a piece written by Murthy in the September 29, 2006 issue of the Wall Street Journal titled “Clear Conscience – Clear Profit”

“While we recognized the challenges (of building a global IT company), we were certain of our value system. We believed that great companies are built to last hundreds of years, which requires a foundation that goes beyond revenues, profits and market capitalization. We pledged to seek respect from our stakeholders, which would automatically lead us to do the right thing by each of them. We would satisfy customers, be fair to employees, follow the highest principles in dealing with investors, and make a positive difference to society. If we did that, we agreed, revenue and profit would follow.”

Reflecting on the challenge of how to build such a company, Murthy wrote:

“First, think about what sort of company you want to have. Corporations must reach out to society and build goodwill if they aspire to longevity. This is especially true in India, where our success contrasts with widespread poverty. We always ask ourselves: Are we adding value for our clients and society? Are we following Gandhi’s dictum, to “be the change in the world you want to see”? This does not translate into outright charity, which saps recipients’ self-esteem, but to empowering people. For example, we train and employ poor mothers in the villages surrounding our Bangalore campus, giving them a stake in society.”

4) Natura Cosméticos (Brazil) – Building a Company on its RELATIONSHIPS

In October 2012, I spoke at an international business conference sponsored by Fundação Dom Cabral and had the pleasure of hearing Natura’s founder and Chairman, Passos Luiz Passos speak. In his presentation, he told the story of this remarkable company and the vision he holds for its future. I am only beginning to learn about this company, but what I have heard so far makes me want to include it in another book I am currently writing.

Here’s what Passos said about Natura and what makes it successful:

- 1) When the company was founded in 1969, it was based on the love of nature and driven by two passions: 1) cosmetics and 2) relationships;
- 2) In the 1990's, he asked, "What now?" His initial answer was that he wanted a clear Purpose & Passion for the company. What came out of that was a Purpose of creating and selling products and services that promoted Well-being (and Being Well);
- 3) Passos described his beliefs. Hearing about beliefs is so refreshing, since so much of corporate leadership is about Strategy and Execution (Thinking and Doing). Rarely does one hear an executive talk about the power and importance of *Beliefs*, yet beliefs are where it all starts. Among the beliefs he mentioned were:
 - That Life is a chain of Relationships, and that nothing exists independently.
 - That the Company is a living organism – and thus the importance of building a sustainable management model, one that will be a source of inspiration, not of barriers.
 - And that these beliefs are the essence of the Natura Brand.
- 4) Passos also mentioned the importance of:
 - a) The Triple Bottom Line
 - b) Stakeholder engagement
 - c) Treating the 1.5 million people of Natura as individuals
 - d) That sales are made only through Relationships
 - e) Paying suppliers in the Amazon region a fair price and providing benefits, and contributing to local development projects
- 5) Lastly, he mentioned his own personal Challenge: How to take all this out to inspire groups and organizations to think of a "new Capitalism based on care and trust." That is, a New way to achieve sustainable development based on care and trust.

5) **Southwest Airlines (U.S.) – Building Competitive Advantage by Caring for Employees**

When Herb Kelleher founded Southwest Airlines in 1971, his purpose and vision was to provide low cost flights so that long-distance domestic (U.S.) travel could be available to more people. A recent SW Air commercial reflects that original mission as it ends with the pilot saying over the intercom, “You’re now free to move about the *country*” – a take-off on the familiar announcement that you’re “now free to move about the *aircraft*”.

Despite its low fares, Southwest Airlines is routinely in the top tier of airline companies in profitability. After the Sept 11 attacks, when airline traffic suffered declines in passengers, Southwest was the only airline to make a profit. Through 2011, it has been profitable for 39 consecutive years. That’s an impressive record in an industry that has had more than its share of profit problems. It now employs 46,000 people.

Given its size and age, one would not expect it to exemplify Heart. But read on. In an interview by the Wall Street Journal (in August 1999), the interviewer asked Kelleher how he had created such a successful airline. His response:

“I’ve tried to create a culture of caring for people in the totality of their lives, not just at work. There’s no magic formula. It’s like building a giant mosaic – It takes thousands of little pieces.”

The interviewer then asked, “You’ve often said that culture is your biggest competitive advantage. What do you mean?” Kelleher responded with:

“The intangibles are more important than the tangibles. Someone can go out and buy airplanes from Boeing and ticket counters, but they can’t buy our culture, our esprit de corps.”

Do you think it’s a coincidence that the New York Stock Exchange symbol for Southwest Airlines is “LUV” – or perhaps a deliberate hint to the world, maybe especially to Wall Street, that the essential ingredient in business is no longer money, but rather Heart in general, and Love specifically?

These are just a few examples. There are many other companies also building success by acting with Heart energies. If you are one, I'd like to hear about it

5. Unlocking Heart Energies: ACTION Steps You Can Take

“Wheresoever you go, go with all your heart.”
- Confucius

Here are some steps you can take to draw forth, nurture and energize Heart energies in your business - to improve your company and its performance.

1) Start at “Home” – with Yourself

To draw forth Heart energies in our business and put them to work, we first have to draw them out of ourselves. This requires something different from the normal DOING mode that we normally jump into when we want to bring about something. In order to begin drawing forth greater Heart from ourselves, we first need to shift into BEING mode.

To do this, start by asking yourself these three questions (and then act on the answers):

a) Why am I working in *this* job?

* In what way does your job reflect your Heart's desire? –

b) What parts of myself do I want “to bring to work”

* Maybe you'd like to bring more **Joy** to work.

c) What would be the greatest testament to my contribution in my current job?

(What would you hope that people would stand up and say at your funeral?)

2) What can I do to nurture Heart at work? Here are some suggestions;

a) For the whole company, rethink the Company's Purpose & Modus

Operandi

b) Identify a current project or issue which could use some Heart energy and put greater intention and passion into it.

c) Pick an important "customer" that you think could benefit from some Heart energy and go meet with him/her and express appreciation for who that customer is and what it means to you personally that they are a customer

d) Pick a person or department within your organization who you know has Heart energy and unleash him/her for the benefit of the company (and themselves) by encouraging them to trust their hearts

e) Also, create your own vision of what might be the result of activating more Heart.

3) How can I get started?

a) **Pick one goal** or project to start on – just one

b) No matter how much is already written about the project, be prepared to **communicate** to the organization a compelling reason why progress is needed on it, what success will look like, and the kinds of efforts it will take to get there. Communicating that to the rest of the organization will pay big dividends too.)

c) **Ask a few people** to work together on this goal. Ask others to provide whatever support they can to help them succeed

d) **Reach for help** – even from outside your organization– go beyond where you've been willing to go up until now. This is help that might enable the team to go farther faster.

Conclusion

In most organizations, people are working at a small fraction of what they could be. Even if your company is already in the top half, why not go for the top 1-5% of companies.

Research shows that employees want a) more Meaning in their work, and b) to work for a company that is exciting and doing important things. Research

also shows that such people often leave, and it isn't for more money usually, but rather for more meaning and opportunity to express their true (and deepest) gifts.

So, now it's up to you. If you cultivate Heart energy in *yourself* and your *organization*, you'll be better able to kindle the fire within people, creating meaning in their lives, and also make your company a leader in your industry.

In that way, you will be exhibiting that the pathway to greater achievement and satisfaction in work comes from Invisible Hearts, not just from Invisible Hands.

Darwin Gillett is author of ***NOBLE ENTERPRISE: The Commonsense Guidelines for Uplifting People and Profits***, co-founder of Ascendza CEO Center and director of the Institute for Human Capitalism. He consults and speaks widely on strategies for leading knowledge- and relationship-based companies.

ⁱ". In Smith's own words,

"Every individual necessarily labours to render the annual revenue of the society as great as he can. He generally neither intends to promote the public interest, nor knows how much he is promoting it ... He intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for society that it was no part of his intention. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it."

ⁱⁱ Bill Catucci, the CEO of the AT&T Canada Long Distance Services company turnaround spoke at FDC's international business conference (along with this article's author) in October 2012. I described this remarkable turnaround initially in an article, *Bringing a Company Back to Life*ⁱⁱ (which is available to you – see the endnote) and then later in greater depth in *NOBLE ENTERPRISE*.

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